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FINANCIAL TIMES

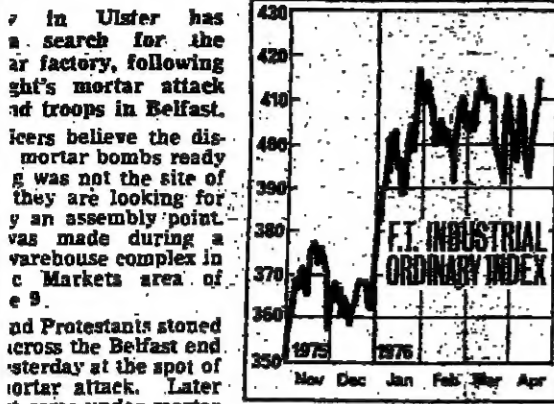
No. 26,949 Wednesday April 21 1976 **10p

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WS SUMMARY

BUSINESS
Equities
rise 5.8;
Wall St.
up 15.35

● EQUITIES made good early progress, but marked time in the afternoon. The FT 30-share



index, up 6.3 at noon, ended the day at 414.8, a rise of 5.8 and only 2.6 short of the 1976 peak of 417.4.

● GILTS were helped by the slowdown in the growth of money supply, but gains were later trimmed as a shade by sterling's disappointing performance. The Government Securities Index improved by 0.28 to 63.39.

● WALL STREET rose 15.35 to 1,003.46. Buyers were optimistic after recent economic pointers, particularly the 7.5 per cent. first-quarter rise in the U.S. gross national product.

● DOLLAR's trade-weighted depreciation widened to 1.73 (1.65) per cent.

● GOLD was unchanged at \$128 in quiet trading.

● OPEC MINISTERS are expected to meet in Geneva tomorrow for informal talks on price differentials. Page 7

doctors to strike
and other specialists at the Oxford hospital decided to strike on Friday in protest against the way they are treated. Page 1

Swiss restrict bank-note imports
● SWITZERLAND is restricting the import of bank-notes. From today a limit of Sw.Frs 20,000 (£1,274) per person is introduced with certain exceptions. Page 7

● JAPANESE shipbuilders had 523 ships on order at the end of March, the highest total for a year, despite a sharp increase in cancellations. Page 4

● FRENCH capital gains tax will decrease the longer the assets are held, and allowances will be made for price inflation. Back Page

● PRICERITE name is to be resurrected by British American Tobacco for a chain of 44 shops selling a limited range of groceries at greatly reduced profit margins. Page 11

● BRITISH LEYLAND Board has authorised a further £10m. investment by the truck and bus group in its plants at Glasgow and Basingstoke, Scotland. Page 9

● KODAK instant-print colour camera unveiled yesterday will be substantially cheaper than Polaroid's competing models. Back Page

● CEAN TRANSPORT and Trading profits last year reached £22.58m. (£29.98m.) after a first-half fall to £10.23m. (£14.36m.). Page 20 and Lex

● CURRY's, the domestic appliance retailers, reports pre-tax profits of a record £8.06m. (£6.86m.). Page 20 and Lex

● SPILLERS showed further improvement in the second half. Pre-tax profits, already £5.44m. ahead at half way, reached £15.47m. (£17.35m.) for the full year. Page 20 and Lex

● DUNDEE COMBEX MARK, the U.K. toys and do-it-yourself group, is paying £8.2m. for the American, Canadian and Hong Kong toy interests of Quaker Oats subsidiary Louis Marx. Back Page

CHANGES YESTERDAY
unless otherwise stated

SEES	1102 + 1	Menzies (J.I.)	132 + 7
count 228	- 18	Metall Box	250 + 8
88	- 2	Newarthill	62 + 6
270	- 26	Ocean Wireless	118 + 6
86	- 54	Pilkington	342 + 14
87	- 8	Rank Org.	170 + 7
119	- 8	Tate and Lyle	293 + 7
132	- 2	Tozer Remsey	36 + 6
10	- 5	Tube Investments	304 + 6
106	- 4	Union Discount	340 + 10
108	- 4	Youghal Carpets	90 + 4
108	- 4	Shell Transport	422 + 8
108	- 4	Ultramar	180 + 10
108	- 4	Charter Cons.	157 + 10
108	- 4	Cons. Gold Fields	172 + 12
108	- 4	Messina	270 + 40
108	- 4	Pot. Flat.	138 + 9
108	- 4	West Rand Cons.	190 + 30
108	- 4	Western Areas	198 + 13

Government policy on economy backed at Scottish TUC

BY CHRIS BAUR, SCOTTISH CORRESPONDENT IN PERTH

Left-wing unions were routed by moderates at the Scottish TUC's annual congress in Perth yesterday, in a heated debate about how the Government should deal with rising unemployment.

On a card vote, militants led by the Scottish miners' president, Mr. Michael McGahey, were defeated by 632 to 1,187. The efforts to minimise attacks on the Government's performance at the conference have been led by Mr. Jack Jones, TGWU general secretary.

This has already involved him in a three-hour session with his 25-man delegation, during which they have been firmly instructed to vote down any resolutions which might jeopardise the TUC's quest for an agreement with the Government. Mr. Jones was loudly heckled from the gallery by four young men brandishing a "Right to Work" banner as he accused the promoters of the Stirling resolution of "dreaming and misleading". He declared: "This is a real attack on the TUC and the Labour Government and a clear attack on the millions of workers who have made sacrifices and have democratically accepted the 15 limit."

He described as "quite unrealistic" the additional demands for a policy of no redundancies without the provision of alternative employment of equal status, and nationalisation without compensation of any company unable to ensure full employment at a living wage.

Mr. McGahey, replying to Mr. Jones's appeal for unity in the movement, said acidly: "Some times you only find unity in the graveyard."

Trade unions were entitled to be critical about policies with which they disagreed and to seek "improved" policies without defeating the Labour Government. The conference did adopt a fair measure of critical resolutions. On economic policy it called for refutation and wide-ranging increases in public expenditure in spite of a warning by Mr. Alex Donnet, the Scottish Secretary of the TGWU, that unions would have to "face up to the inevitability of some restrictions in the growth of public expenditure" to meet the Government's priority of regenerating manufacturing industry.

Delegates approved demands for an easing of hire-purchase restrictions, for the imposition of selective import controls aimed primarily at cars, textiles, steel and television tubes, and for the allocation of substantially increased funds for the National Enterprise Board and the Scottish Development Agency.

The conference also accepted a resolution from the TGWU calling for pensions to be increased to not less than 50 per cent. of adult earnings for a married couple and 33 per cent. for single people. Mr. Jones proposed that North Sea oil revenue should be used to meet the cost of these increases.

On Tuesday of last week the pound gained almost 1 cent on good commercial demand, which was believed to be the result of impending quarterly oil payments, and yesterday's sharp fall may well have been caused by switching of these funds out of sterling by certain oil exporting countries.

The pound's depreciation, as calculated by the Bank of England, widened to 36.7 per cent. from 36.3 per cent. at noon. Trading was reported to be fairly thin, and any support for sterling by the authorities was on a relatively small scale.

Continued on Back Page
Editorial comment Page 18

Little progress in move to devalue green pound

BY PETER BULLEN

FERRE LARDINOIS, EEC Agriculture Commissioner, made little progress yesterday in his attempt to persuade the British Government to devalue the green pound.

After one and a half hours of discussions with Mr. Fred Peart, Agriculture Minister, and with Treasury officials, he said he was going back to Brussels—but I am not going back a luckier man. His discussions, similar to those he held in Rome last week, follow the crisis in the financing of the Common Agriculture Policy which has been caused by the fall in the value of sterling and the lira. These currency changes have led to a sharp increase in payments from the EEC's farm fund, designed to cancel out currency changes.

Payments of these monetary compensatory amounts (MCAs) caused by the fall in sterling is costing the farm fund about £25m. a month. The fall in the lira is costing a similar amount.

A simple way to ease the burden on the EEC farm fund would be to devalue the green pound—the Italian Government apparently has agreed to a devaluation of the green lira—because these are the representative rates on which the EEC's farm prices and MCAs are based. Such a move would be welcomed by British farmers because it would raise their prices but it would mean a big rise in the cost of food to consumers. As the Ministry of Agriculture pointed out yesterday, since the beginning of March increases in MCAs have been the equivalent of a saving of more than 21 per cent. on retail food prices.

After the talks, Mr. Peart said

Coffee leads jump in prices

By John Edwards, Commodities Editor

THERE WERE spectacular price rises on the London commodity markets when they reopened after the Easter holiday yesterday.

The fall in the value of sterling, and some sharp advances in U.S. commodity markets on Monday, combined to bring a fresh wave of buying, mainly from speculators, in London.

Coffee prices soared by over £100 to £1,331 a tonne, registering the highest single daily rise since frost last July wreaked havoc with the crop in Brazil, the world's largest producer. In the past month alone, coffee prices in London have risen by some £500 a tonne, meaning that further steep increases in retail coffee prices are unavoidable.

Cocoa prices also continued to rise sharply. After having gained nearly £50 on Thursday, prices leapt even higher yesterday, advancing by over £25 to

Commodities Page 31

£1,045 a tonne. On the London Metal Exchange copper prices jumped by £39 to £566 a tonne. In spite of another rise in warehouse stocks to a record level of over 524,000 tonnes, in late trading, copper was sold at first £900 a tonne for the first time since June 1974. Tin, lead and zinc prices also reached their highest levels since 1974, and there was a sharp jump in silver.

Colin Millham writes: Sterling fell over 1 cent against the dollar, to touch \$1.8425 yesterday morning, but improved gradually during the day, to close at \$1.8465, a loss of 45 points from last Thursday.

On Tuesday of last week the pound gained almost 1 cent on good commercial demand, which was believed to be the result of impending quarterly oil payments, and yesterday's sharp fall may well have been caused by switching of these funds out of sterling by certain oil exporting countries.

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Continued on Back Page
Editorial comment Page 18

£ in New York

	April 19	Previous
1 month	61.20-65.60	61.80-66.20
3 months	60.60-65.00	61.20-65.60
6 months	59.80-64.20	60.40-64.80
12 months	58.80-63.20	59.40-63.80

South Africa quiet over border deaths

BY STEWART DALBY
JOHANNESBURG, April 20.

DESPITE widespread anger and dismay here at the weekend shootings of three South African tourists by guerrillas in Rhodesia, the South African Government is not expected to react dramatically to the affair.

So far, there has been no official comment on the shootings, which took place inside Rhodesia on Sunday on the main road linking the border town of Beitbridge with the Rhodesian town of Fort Victoria.

It is possible that Mr. Vorster, the South African Prime Minister, who is due to attend Parliament tomorrow for a committee on the Budget Bill, will use the opportunity to make a statement but, if he does, it is thought that it will be low-key rather than bellicose.

Suggestions that the South African Government might decide to send troops back into Rhodesia—some 2,000 paramilitary police were withdrawn less than a year ago—are discounted by observers here.

One Afrikaner close to Government thinking said he "would be very surprised indeed" if the Government took such action.

Reflecting something of the frustration in Government circles to-day with the Rhodesian Government's failure to negotiate a peaceful settlement of its differences with the African population there, the source said that South African military forces were originally in Rhodesia to prevent guerrillas infiltrating South Africa. "We never pretended they were there to solve Rhodesia's problems," he said.

However, newspapers here this year there has been a renewed decline in the Rhodesian Stock Exchange to-day, share prices were steady to firm and seemingly unaffected.

But in the first few months of this year there has been a renewed decline in the Rhodesian Stock Exchange to-day, share prices were steady to firm and seemingly unaffected.

There is concern about the likely impact of the weekend's events on Rhodesia's tourist trade. This is an important foreign exchange earner, with receipts of some 25m. Rhodesian dollars (£24m.) last year when it staged a mild comeback after falling in 1974 to its lowest levels in more than a decade.

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Under the umbrella

by CHRIS DUNKLEY

respecting television can make do with any more: two titles to be the minimum. Obviously considered Open TV Times at and on just one page. Little bit of wisdom. Double Trouble. This by Tuesday Film. Subtitled Firehouse. Brinsford subtitled The Matter of 10 which was a very brief and so far as the evening at all (the beginning of the news, say) you had left in the odd little spaces that were left with restful bits of film. The Drive-In, and then a t. Barnaby Jones sub-er-Go-Round.

But if you suggested to this simply an ITV day's programme or channel. Open Radio Times a week and on one. The Detectives sub-ry O. Omnibus. In millions, lurching from their armchairs as The Potter's Wheel, and came on to switch channels and find some more action elsewhere. The modules must fit tightly together nowadays, so that no excesses are given for button punching, and so that we all get a answer to extreme regularity to the modules—like Momma's Hung You. And I'm Feeling. The special signal-

science in the growth of umbrella titles on television. "Slots" is the name of the game and "Habit Forming" is the sub-title. Long, long gone are the days when various people made various programmes under various titles, lasting anything from 7 minutes to 47, which could then be broadcast entirely in their own right, taking up whatever air space they merited. That system meant that if you were to have any fixed points in the evening at all (the beginning of the news, say) you had left in the odd little spaces that were left with restful bits of film. The Drive-In, and then a t. Barnaby Jones sub-er-Go-Round.

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request is Alan Sprung in the National Theatre's revised Equus, which opened last night at the Albany Theatre

I Hall

zon & Barenboim

by MAX LOPPERT

English Chamber he was on best, easiest form, with none of the nervous cloddiness that sometimes attacks his first movements, and that his variations of rhythmic shaping in the middle movement were seconded by the entire wind section with magical spontaneity.

This was the great experience of the concert, for which the strong, keenly moulded Haffner Symphony had served as apt introduction (but why the stinging over-reaction?). Possibly it was a mistake to follow it with music so relaxed and genial as the Two-Piano Concerto, K365, yet with Barenboim and Curzon partners as sharp and witty as they were mellow and courteous, the performance projected a pleasure complementary to those earlier pleasures.

It is a brilliant, civilised dialogue in which warmth, gaiety and even the occasional note of pathos is not excluded. Impossible, after the final Rondo, to imagine another performance so effect of a single richly encased, and even richer.

Self/Hester van Royan

Two kinds of landscape

by WILLIAM PACKER

times when London natural sounds picked up at a quiet, with nothing time. On the wall opposite is a exhibition over, and le going steadily, an en hiatus.

to say there is north or example, at the Gallery, reached by rham Street, is a nt-work by Gerald are and conspicu-nt environmental fer to the common landscape without need to describe it, an aesthete, and occupational afflic-ty. His work can e, too simple too e, the context of a tion, like the New at the Hayward nas, it can seem too a simple one-man is more sense; and, wering all the felt then, mitigates ably.

o an empty space warehouse convey a loudspeaker on against the wall e two emitting the

Coliseum

Swan Lake

by CLEMENT CRISP

"In time," as the song nearly has it, "Gibralter may crumble, the Rockies may tumble, they're only made of clay . . . But, Swan Lake is here to stay."

Irresistible, irreplaceable, the lake, the swans, the courtiers, and peasants bearing strange gifts, were all there once again in Festival's staging on Monday. It is not a production that wins many prizes for me, but it never fails to fill the theatre, and the score is a miracle of romantic fervour. The fact that Festival's presentation is not, explaining my reluctance to crown it with any laurels, although Beryl Grey's dynamism and a sense of tragedy that brings the evening to a fine and agonised conclusion.

Monday's Odette/Odile was Era Evdokimova. Very well suited to the role in physique—a long, elegant silhouette, outstanding technical ease in exposition—Miss Evdokimova proved a somewhat muted Odette in Act 2. She plays the entire scene in a somehow

Libyans and Brazilians at Sadler's Wells

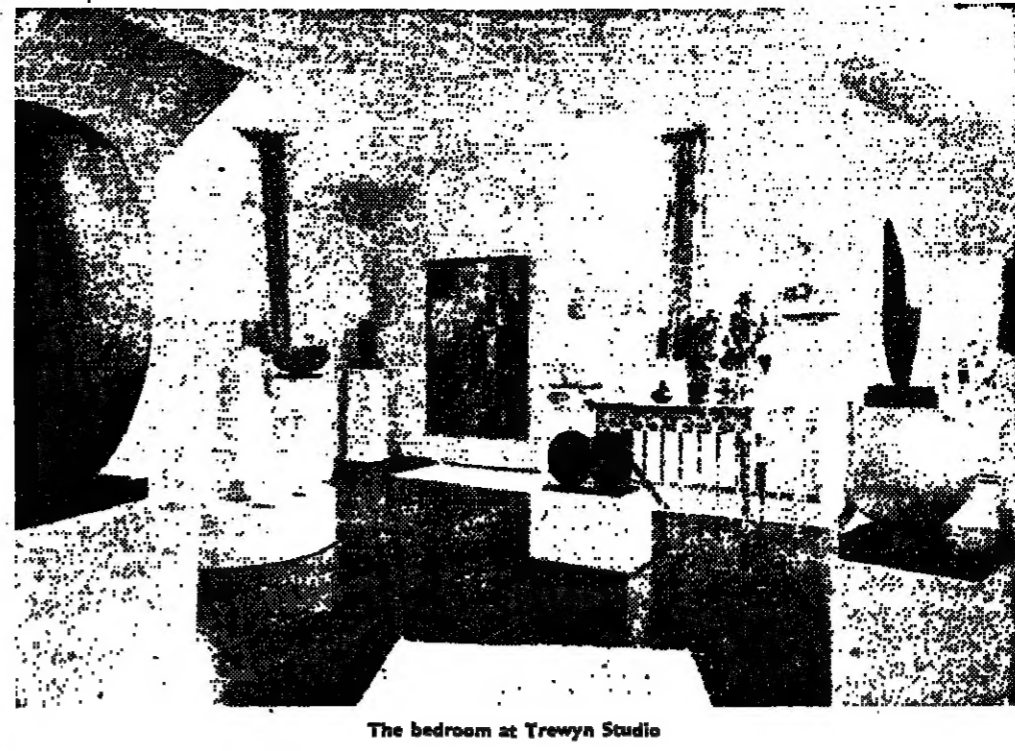
The next two companies to be seen at Sadler's Wells are both making their London debut. On Monday, April 26, for one week, there will be performances of Libyan folk dance and classical music, sponsored by the Libyan Embassy in London. This short season has been mounted to coincide with the current World of Islam Festival.

Brazil Tropical, a revue-style entertainment opens a three-week season at Sadler's Wells on May 3, presented by Richard Graham. The company of 40 young dancers and singers perform a programme of songs and dances ranging from solo spots to full production numbers and culminating in the "Carnival of Brazil."

Trewyn Studio, St. Ives

The Barbara Hepworth Museum

by WILLIAM PACKER



The bedroom at Trewyn Studio

Dame Barbara Hepworth was one of the most distinguished, certainly one of the most famous British artists of our time, a true innovator and a crucial influence. Last summer she died at the age of 72, the victim of an accidental fire in her house in St. Ives, her home for nearly thirty years. The executors of her estate, in accordance with her express wish, have since worked to prepare the house, studio and garden, and all that was in them at the time of her death, as a comprehensive Museum and memorial to her and her life's work. This they offered to the Nation, asking only that the Government should bear the cost of staff and maintenance, a sum, even in these straitened times, of only £18,000 a year. The money, unfortunately, is not forthcoming, but to the great credit of all those involved, the plan has been brought to completion nevertheless, and the Trewyn Studio and Garden are now open to the public.

Artists must show their latest work, to be judged as such, often harshly; and we are likely to see, or at least recognise, the public professional nature of the activity. We are given a nice reminder, in fact, for even those of us who should know better sometimes forget. This major asset, however, extends in importance far beyond the town, first to Cornwall, and then to the country at large. The Barbara Hepworth Museum stands to the credit of all who have had a hand in it, to the executors, to the artist's own staff, who stayed on, first to help, and then administer; and above all to the artist herself. They deserve more practical help than simple gratitude.

The house itself has been cleared to make two simple galleries, in which some furniture and ornament have been left to soften any possible austerity. One contains smaller work, a maquette or two, and things vulnerable to the weather. It gives directly on to the small enclosed garden, which is full of sculpture, some of it extremely large, but curiously uncrowded. Paths and trees and shrubs separate each particular space, allowing us to see the piece in isolation, before making any direct visual comparison with its fellows. And the garden itself is a delight. It all works very well.

The gallery downstairs, by which we enter the Museum, contains a number of showcases, each full of souvenirs, trophies, photographs, letters, and such other ephemera as Press reviews and notices, that mark off the successive phases in her life. Again it is biography centred upon life as an artist, and the work done. No doubt large and ambitious exhibitions of the work will be mounted at intervals in the future, and our views on her achievement may change

Standard Life's £45,000 for Scottish 'Meistersinger'

Scottish Opera's new production of Die Meistersinger von Nürnberg is to receive sponsorship of £45,000 from Standard Life, the Scottish-based mutual life assurance company.

The new production will open at the Theatre Royal, Glasgow, on December 15. The opera will be conducted by Alexander Gibson and produced by David Pountney, to designs by Maria Bjornson. The cast will include Allen Cathcart as Walther, Elizabeth Harwood as Eva, Claire Livingstone as Magdalena, Gregory Dempsey as David, David Ward as Pogner, Thomas Hemley as Beckmesser and Norman Bailey as Sachs.



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OVERSEAS NEWS

Protests in Jerusalem

Jerusalem, April 20. TOURISTS were from parts of the Old City today as Israeli forces battled with Arab students. Reinforced to broke up demonstra- the towns of Nablus, d Tulkeren, as civil minued throughout the West Bank of the

Two weeks of quiet in about 200 Arab school- shed from the Damascus the Old Walled City to lerod's Gate carrying with the slogan "condo the occupation."

broke up the march but ungsters then started stones at a police patrol. e city walls, another fire to car tyres. Two and a soldier in a car were injured by id some 15 Arab youths

plus, 25 miles to the troops quelled further at rioting following the a 55-year-old Arab, shot dead in the bazaar. Rock-throwing in- were also reported in

wave of rioting this lowed two months of Bank demonstrations this year. A two-day ough the West Bank e-end, by tens of s of extreme nationalist was also blamed for the situation. The ion newspaper Davar march by would-be ertlers had stirred up towns such as Jericho d been quiet in the past. st the marchers was Mr. Hammer, Minister of who represents the Religious Party in Coal- nment. His presence s the conflicting pres- at are keeping Israel mulating a clear-cut what to do with the nk after almost nine occupation, political aid.

Prime Minister, Rabin, to-day indicated Government was still to negotiate a com- over return of the West Bank to Jordan n conditions. nspaper interview, Mr. id the ruling coalition nple freedom of action out peace negotiations, dan including a terri- nromise.



Tokyo commuters without commuter train yesterday.

Work force is badly hit by rail strike

MILLIONS of Japanese workers walked to hotels or prepared to spend the night in their offices to day at the end of the first day of a three-day rail strike.

Bns and municipal under- ground workers also staged a stoppage lasting a few hours until 8 a.m. to-day. The national rail strike was called to demand higher wages by the two powerful unions of the National Railway Corporation (JNR). They were joined by workers on 11 of Japan's 15 major private railway companies.

Talks between the private companies and the workers were taking place but little progress was reported. JNR employees were awaiting the outcome of the talks before starting further negotia- tions with national railway officials.

About 40m. people, one-third of Japan's population, were estimated to be affected by the strike, which crippled all main rail services.

Labour Minister Mutsuo Kimura told the Cabinet that 380,000 tonnes of freight were undelivered because of the strike. Reuter

Capital spending projected by major Japanese firms for fiscal 1976, which began on April 1,

TOKYO, April 20. totals 7.08 trillion Yen on a con- struction basis, up 11.9 per cent. from the estimate for fiscal 1975, a report compiled by the Ministry of International Trade and In- dustry (MITI) shows, according to AP-DJ in Tokyo.

The projected capital spending represents a 5.5 per cent. gain in real terms from the estimated fiscal 1975 spending total, said the report.

Meanwhile, projected spending for pollution control facilities accounted for 978.8bn. Yen, down 5.7 per cent. from the estimate for fiscal 1975, the report said.

The overall MITI forecast of an 11.9 per cent. nominal rise in capital spending this fiscal year compares with a forecast of 14.3 per cent. nominal growth rate by Long-Term Credit Bank of Japan.

Japan's overall balance of payment surplus rose to \$580m. in March from \$619m. in Feb- ruary and \$298m. in March last year, Finance Ministry figures show.

The March surplus reduced the payments deficit for the whole of fiscal 1976 ended in March to \$1,768m., only slightly over half the fiscal 1974 deficit of \$3,382m., the Ministry said. Reuter

Casualties in New Delhi riot

Witnesses to New Delhi's first major outbreak of violence since a nationwide state of emergency was declared last June said yesterday that the three-hour riot began when officials bulldozing the houses of squatters offered to relocate them only if they would be sterilised, reports UPI from New Delhi.

Sources said at least 10 persons were killed in the riots, in which police opened fire with automatic weapons and shot tear gas into crowds that numbered up to 5,000 persons.

There were no official death tolls, but sources said well over 100 persons were taken to hospital for treatment of injuries received during the fighting.

One witness said he saw corpses of policemen being loaded onto trucks when the fighting finished and police imposed a 24-hour curfew. One estimate put the number of dead policemen at 20-30.

The censored Press did not re- port the incidents at all. It merely printed a statement issued late on Monday night by the Lieutenant-Governor of New Delhi, warning that drastic action will be taken against persons in- terfering with family planning workers.

Lebanon gunfire

Efforts to shore up Lebanon's pre- carious ceasefire faltered yester- day amid fresh outbreaks of gun- fire along the lines separating Moslem and Christian sectors of Beirut, reports Reuter. The Palestine news agency Wafa said that the higher military com- mittee, the ceasefire supervisory body which groups members of left- and right-wing factions, had agreed on a fresh bid to stop the fighting.

Death penalty

Lebanese left-wingers and Pales- tinian commando movements de- cided to execute publicly any member who commits murder and certain other crimes, the Palestine news agency Wafa announced early yesterday, according to Reuter in Beirut. A joint state- ment by leaders of the two move- ments also announced adherence to a ceasefire decision taken by the higher military committee effective at 2400 GMT yesterday.

Peking visit

Egyptian Vice-President Hosni Mubarak yesterday inspected Chinese military aircraft on a visit to an air force unit of the Chinese People's Liberation Army in Peking, the New China News Agency reported, says Reuter. Mr. Mubarak has met new Premier Hua Kuo-Feng and observers believe they discussed China's arms supplies to Egypt.

FERMENT IN ETHIOPIA

The official is slipping

BY A CORRESPONDENT IN ADDIS ABABA

IT WAS a classic High Noon confrontation. Coming down Churchill Avenue, the main artery of the Ethiopian capital, a crowd of about 100 demonstra- ting students, shouting "Down with the military Government!" and "Give us civilian rule!" Coming up Churchill Avenue, a solitary policeman carrying a gun. At a distance of 20 paces, the policeman raised his arm and called on the students to stop. The students kept coming. The policeman lifted his machine pistol and fired one shot into the clouds. The students ran, scattering in all directions through the traffic.

An astonished Western ambas- sador who watched the incident from a balcony said: "You would not be able to see that anywhere else in the world. It was in a way, tremendously impressive—just one policeman putting all those kids to flight with one shot. It just goes to show what a grip the authorities have on the situation here."

But in another and very important sense, the incident points up, sharply, just how much the authority's grip on the situation is slipping. A year ago no students would have been on the streets, and especially none calling for the dismantling of the revolutionary Provisional Military Administrative Council. "But," said a young ex- student, "the wheel has come full circle. Two years ago, we were out every day calling for the overthrow of Haile Selassie. Now, we want to get rid of these military brutes. They are nothing but a bunch of fascists."

Demonstrations, planned and spontaneous, large and small, are again becoming a feature of daily life in Addis Ababa. Out- side City Hall, weavers complain- ingly about the lack of suitable yarn to make traditional cloths. They say, with vehemence, that there's been no yarn for months and that they are hungry. In the Plaza, home of countless gold- and silver-smiths—and just as many bag-menders and pick- pockets—a congregation of youngsters about the university being closed, the lack of any sort of employment, and the ever-higher price of food. Others shuffle up to the group, join in the shouting, and melt away. Across the road, in an alleyway, a policeman watches and emerges quietly as the crowd begins to disperse. It has been said that no revolu-

tion, and no revolutionary which should have been national- government, has ever been greeted with so much genuine goodwill as Ethiopia's. In the past 18 months, however, much of it has evaporated or been squandered in one enormous bureaucratic muddle after an- other. Urban land reform has succeeded in creating homeless- ness and chaos. Crass violence has occurred, such as the airport incident last September in which seven Ethiopian Air Line workers, all trade unionists, were shot dead.

Temperature

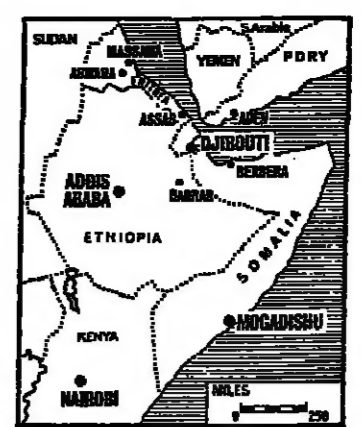
Anger and disillusionment are coming into the open—an unusual state of affairs in a country whose history is richly embroidered with clandestine treachery and secret plotting. Recently, for instance, the "broad masses" were invited to Revolution Square to hear the head of state, Brigadier-General Teferi Bante give the "Victory Day" anniversary address. As General Teferi was running through the now-familiar list of revolutionary achievements, the Radio Ethiopia microphone recording his words picked up, loud and clear, the also familiar chants of "Down with the Derg" (the military council) and "Down with Mengistu" (the PMAC's first vice- chairman generally regarded as being the toughest member of all). The fact was that, simulta- neously with the Victory Day celebration, a very large anti- government demonstration was taking place. It had begun in the Mercato, the central Addis market.

It is sometimes said that Addis is the wrong thermometer to take the temperature of Ethiopia: affairs that the plight of the urban unemployed—a large and growing army—the homeless beggars, the lepers and the waifs and strays, is not typical of the country as a whole. In the country, it is said, you will not find the disaffected students and out-of-work radicals who are much part of the urban scene. To a very limited extent, that is true. It is possible to go to remote regions and find in them happy people. Some of these areas are cut off for three and four months at a time during the long rains when such tracks as exist are impassable. There the revolution has had little, if any, impact. In one remote town- ship, recently visited, there are five enterprises still in private— and foreign—hands, all of

Hostile peasants

One rasmach, an attractive girl who has served the campaign in both the south and the west of the country, says the peasants have become so hostile to the Government and all its works that campaigners refuse point- blank to go. She said that of 80,000 Zemacha theoretically campaigning, half had elected to remain in the capital or had decided to go home despite threats from the Government about the fate of deserters. "But they cannot arrest 30,000 of us—that is our hope," she said.

There have, however, been a great many arrests recently, probably close to 4,000. Many of those carted off were women, the wives of former officials or landlords who had already been arrested. The move followed the



discovery by the Government of an alleged "reactionary plot" and the certain discovery of arms caches both in the capital and within a radius of about 30 miles. But the precise internal security situation is a mystery: trouble appears to flare up, briefly, in one area and, as security forces are despatched to deal with it, more trouble erupts 50 miles away. There have, however, been some significant recent pointers. The Govern- ment-owned Ethiopian Herald newspaper has, for the first time, talked of "strong" internal opposition to the revolution, and also of the deaths of Zemacha, officials, civil servants and "men in uniform" in connection with "revolutionary activities."

There has been much specula- tion in diplomatic and other circles about why the rigorously- controlled Press should suddenly have launched recently into what has the appearance of a genuinely free debate about how to handle the problem of the war against secessionist forces in Eritrea. There are two schools one says that, as the Government's contact with the people often takes place at the end of the barrel of a gun, the Derg is seeking, by means of the Press, to take the political temperature by canvassing opinion. The other school insists that there is an altogether darker motive and that the Derg will suddenly close the debate by saying: "You have seen the preposterous notions being discussed, you can see that they would never work, and we shall, therefore, remain in power for as long as is necessary."

Bedevelled

Either way, there seems to be no real consensus and the mili- tary will continue in power. But unless solutions are found to the many urgent internal problems— and Ethiopia is bedevilled by some equally urgent external difficulties, like the row with Somalia over Djibouti and Sudan over other matters, including Eritrea—the military may have to resort to the brutal, repressive tactics similar to those which kept the late Emperor on his throne.

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EUROPEAN NEWS

Arias under pressure spell out political plan

BY ROGER MATTHEWS

A PERIOD of intense political manoeuvring has begun within the Spanish regime, the culmination of which should be seen when the Prime Minister, Sr. Carlos Arias, makes a major policy speech to the nation at the end of this month.

Sr. Arias is under strong pressure from reformist elements in the Government to spell out a precise programme that would include the announcement of a referendum before the summer and general elections before the end of the year.

Aware of this pressure, the more entrenched members of the Establishment are seeking to erect further obstacles to the Government's cautious plans for political reform. Nearly 300 amendments had been tabled in the Cortes (Parliament) before today's deadline to the draft referendum. The Cabinet has already discussed the two proposals, but the Government is theoretically laying the basis for the introduction of parties. Four of these amendments propose which the heir to the throne

might succeed, an amendment of a two-thirds lower chamber universal suffrage.

Members of General Franco's National Movement, especially those who are Cortes members, are becoming more hostile to their pronouncements and to-day accused the Government of lacking coherence in its proposals. They complained that the Cabinet was obstructing serious consideration of its plans by sending proposals to the Cortes piece by piece so that no overall scheme could be detected.

King Juan Carlos yesterday called in the President of the Cortes, Sr. Fernandez Miranda, for talks, and it is understood that the two men discussed both amendments and the question that might be asked in a referendum. The Cabinet has already discussed the two proposals, but the Government is theoretically laying the basis for the introduction of parties. Four of these amendments propose which the heir to the throne

Certainly the r... lost ground to several key Op... having been j... month, seven w... year in clashes

ROMANIAN ECONOMIC POLICY

The consumer is 1

BY DAVID LASCELLES, EAST EUROPE CORRESPONDENT

ROMANIA'S Five Year Plan is by far the most spectacular to be adopted by any Comecon state. Most annual growth targets are in double figures, and some of the industrial projects would look grand in countries with twice Romania's population of 21m.

The reasons are Romania's continuing quest for economic strength, which it sees as the basis for political independence; its backwardness even by Comecon standards; and a strong dash of nationalism. Of all the main targets set out by President Nicolae Ceausescu in a three-hour speech charting Romania's economic course to 1980, those for wage increases are the lowest, suggesting that investment still has unquestioned priority over consumption.

With industry intended to grow by over 10 per cent a year, Romania will over the next five years build no less than 2,700 new factories, including five major engineering plants which will require close on 100 foreign licences. One of the plants will be the largest of its kind in Europe outside the Soviet Union.

Another project is for a 10m-ton year steel mill at Calarasi on the Danube which will double steel output and place Romania among the world's leading producers of steel per capita. A new petrochemical complex on the Black Sea coast will process nearly 9m. tons of oil a year into a wide range of products. Most of the crude will be imported, illustrating Romania's retreat from self-sufficiency in oil.

New projects are to account for 80 per cent of industrial growth, pushing to a higher rate of capital building than elsewhere in Comecon where growth is to be achieved through modernising or extending existing plant. Priority areas are to be electronics, machine-building and chemicals. But the overall strategy is to improve the technological level of industry, increase output per worker, and raise quality.

Industry is to be encouraged to turn more towards export markets to earn the necessary resources to pay for the heavy investment programme. Exports are planned to rise by 85 per cent over the five years and imports by 70 per cent. Investments will rise by over 10 per cent a year to reach an annual rate of some 40bn. lei (£16bn.). These growth figures are by far the highest in Comecon. But ambitious as they may seem, they are a continuation of Romania's high rate of growth over the past 10 years.

Romania now boasts some of the most up-to-date engineering plants in the world, having been prepared to pay for the best. The country is the third largest producer of oil equipment in the world (and the second largest exporter after the U.S.), and can turn out heavy locomotives, aircraft, and power generating equipment. Progress has also



Ceausescu: ambitious targets.

been made towards establishing an armaments industry. Field guns, armoured personnel carriers, and fighter aircraft are in production, and there have recently been reports of work on a tank.

Agriculture has made slower progress, but has not been neglected because of its contribution to exports. This has brought with it greatly improved conditions for the rural population who were known in the past to besiege Bucharest in starving hordes.

The growth target for agriculture of 5-8 per cent a year over the next five years has been left deliberately vague to allow for the hazards of the climate. An important aim is to increase fodder supplies to sustain the growing livestock, herds and ensure meat supplies. But with food shortages provoking rowdy scenes at some markets this winter, a general improvement in both quantity and quality is being sought. The investment programme for agriculture includes large sums for flood prevention along the Danube where disasters have occurred twice in the last five years. Some 1.5m. hectares are to be protected by 1980. A strict forestry conservation law has just been passed to restore timber as the major Romanian resource it once was. Reforestation is to be carried out on 300,000 hectares by 1980, but the complete programme extends well into the next century.

The plan holds out mixed prospects for the average Romanian. Wages will rise at half the rate of economic growth. On the other hand, housing construction is to rise rapidly and per cent in line with the growth of food output and light share basic industry. Overcrowding in the big towns should be eased, and possible must the working week will be cut by two hours to 42 hours. But it would be uncharacteristic of President Ceausescu and per cent of his Government to funnel more itself.

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As Romania's its rich endo materials which reputation for the need to build industrial base grows. This is mately seen a higher living st.

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LABOUR NEWS

Hull docks row to go on; deal agreed at Liverpool

BY IAN HARGREAVES, LABOUR STAFF

THE DISPUTE between Hull dockers and the British Waterways Board slipped back into deadlock yesterday when a mass meeting of dockers decided to oppose their union's attempt to find a compromise settlement.

But at Liverpool a day of talks between union officials and port employers produced a peace formula in the three-week-old storemen's strike. The 300 men will vote later to-day on whether to accept.

Developments at Hull represent a major embarrassment for the Transport and General Workers' Union, to which both dockers and Waterways Board crews belong.

Eleven days ago the waterways men responded to the 18-month-old blacking of their vessels by dockers with a blockade of the port's King George Dock. They withdrew under threat of High Court action and an assurance by the union that a settlement would be sought.

Shop stewards

Last week TGWU officials worked out a peace formula by which the blacking would have ceased, but yesterday's meeting

gave an almost unanimous vote of confidence to an unofficial shop stewards' committee.

The shop stewards are recommending that the blacking be maintained until the Waterways Board gives an assurance that the large board catamaran BACAT container handling service would never be re-introduced at Hull.

BACAT was withdrawn 18 months ago under pressure from dockers who feared that the system, which bypasses conventional port facilities, would erode manning levels at the port.

Mr. Walter Cunningham, chairman of the stewards' committee, said last night that dockers would not be intimidated by threats of blockades by Waterways Board crews.

Another settlement carefully constructed by TGWU officials in Hull last week—to solve the demarcation dispute between dockers and the port's 70 cable riggers—was also threatened by a vote at yesterday's meeting.

The dockers say they will only allow the riggers to continue to fulfil existing contracts. Any new work must go to the dockers.

Mr. Cunningham said this was vital to prevent men getting work on the docks "by the back door."

The cable riggers have already held one strike in support of their claim for rights to all rigging work at the port.

The stage now seems set for a resumption of the acrimonious feud between different sections of the TGWU, the port employers and the British Waterways Board. Sir Frank Price, Waterways Board chairman, last week attacked the port employers for yielding to the "crude power" of the dockers in tolerating the blacking.

Return to work

Meanwhile at Liverpool, shop stewards representing 298 striking shoremen are to recommend an immediate return to work at a mass meeting to-day.

Following an unexpected meeting between the strikers and employers yesterday, a spokesman for the employers said he was optimistic that a compromise on the question of the non-replacement of two retired men would win the men's approval.

Almost 2,000 dockers were surplus to requirements in Liverpool yesterday as the strike, which has the support of about 1,000 other port workers, began to make an impact.

Vauxhall's demarcation strike ends

By Our Labour Staff

A WEEK-OLD strike by 1,400 car workers at Vauxhall's Ellesmere Port factory on Merseyside ended yesterday pending further talks on a demarcation dispute between the two major unions involved.

The strikers, members of the Transport and General Workers' Union, returned to work, following the company's decision to suspend the unloading of German-made components, traditionally the job of Amalgamated Union of Engineering Workers Union members.

The TGWU workers had claimed an equal share in this unloading work and had withdrawn from a previous "sphere of influence" agreement with the AUEW on this issue.

A return to full production at British Leyland's car division to-day depends on settlement of two separate disputes at Rubery Owen in Darlington, Staffordshire, who deliver sub-frames for Minis, are to meet to-day to decide whether to continue their strike.

And voting resumes today at Leyland's Triumph plant in Coventry where 6,000 car workers have been going slow in support of a productivity pay claim. The men are being balloted over whether they should resume normal production pending further talks with management.

Bank staff refused TUC membership

BY DAVID CHURCHILL, LABOUR STAFF

A STAFF association from one of the major clearing banks has had its application to join the TUC rejected by Mr. Len Murray, TUC general secretary.

The National Westminster Bank technical and services staff association had asked to join the TUC as part of its plans to create one union for the estimated 20,000 messengers, electricians, and other staff within the banking sector not performing a clerical job.

Mr. Murray, however, told the staff association that the TUC would prefer to see "some sort of merger" with an existing TUC-affiliated union such as the National Union of Bank Employees.

Mr. John Menet, general secretary of the staff association, said that his 2,000 members were more likely to be interested in a merger with the Association of Scientific, Technical, and Managerial Staffs than in joining up with NUPE, as ASTMS—who already represent Midland Bank's technical and services staff, offered more autonomy if a merger took place.

NUPE, however, is keen to add the technical and services staff to its existing 100,000 membership. At its annual con-

ference last week delegates voted in favour of changing the union's organisation to allow staff associations to merge with NUPE, but retain a considerable degree of autonomy.

Mr. Leif Mills, NUPE general secretary, described the National Westminster staff association's move to join the TUC as "bizarre," but said the merger offer was still open.

Pay claim

A claim for the full 56 a week allowed under present pay policy was lodged yesterday by the Banking Staff Council on behalf of some 120,000 clerical staff in the major clearing banks. The council, which represents NUPE and the staff associations, is also seeking an undertaking from the bank employers that the loss in purchasing power resulting from acceptance of the pay policy will be rectified as soon as legislation permits. The council claims that the take effect from July 1, is intended to apply to all staff aged over 16 instead of the present threshold of 18.

A similar 56 claim has also been lodged on behalf of some 12,000 Trustee Savings Bank staff.

Teachers: no forced retirement

BY OUR INDUSTRIAL STAFF

LEADERS of the National Union of Teachers yesterday won support for rejection of compulsory early retirement of teachers. A resolution framed by the national executive was carried

by a large majority of the 2,000 delegates meeting in Scarborough despite accusations that there had been a sell-out on the question of redundancy. The resolution said the execu-

tive should continue to secure the best agreement on premature retirement compensation. Another resolution opposing attempts to use voluntary as well as compulsory redundancy to reduce numbers of teachers was defeated.

Mr. Fred Jarvis, general secretary, said the union had agreed in principle to Government proposals for improved redundancy payments. It had agreed to a scheme for retirement at 50 where redundancy was involved to bring teachers into line with other employees in the public sector.

Agreement did not mean there was an immediate threat of compulsory retirement, he said, but at the same time he could not guarantee there would be no redundancy. "We have to face the possibility there may not be enough volunteers and there may have to be some selection." In that case the union would use all the safeguards it could.

The conference also voted to give the union power to discipline members who went on unofficial strikes.

A proposal to set up a national disciplinary panel was approved after angry interventions by Left-wingers to a speech by executive member Mr. Max Morris, who said it was designed to "stop people who dragged the union's name in the dirt."

Bid to settle constitution of foundry body

THE TERMS of office of the 14 members of the Foundry Industry Training Committee have been ended "merely to establish the proper constitutional position," according to a statement yesterday by the directors of the FITC and the Engineering Industry Training Board, its parent body.

The statement follows a claim by a committee member last week that they had all been sacked and a denial of this by Mr. Hugh Scanlon, who is chairman of the FITC.

The members' terms of office had been extended three times, said the statement, in the hope of settling differences about the future constitution of the committee. The Board had finally decided not to renew them again. The committee should start work again, with new members (including former members who wished to continue), after the Manpower Services Agency, which administers training schemes had considered the question.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

TRANSPORT

Operating efficiency of big hovercraft increased



Skirt fingers being cut from specially prepared coated fabric (natural rubber blend on a nylon cloth) at Avon Industrial Polymers' Melkham factory in Wiltshire. Presses for vulcanising skirt materials and components are in the background.

MORE economic operation of large passenger-carrying hovercraft is expected to result from research and development carried out by Avon Industrial Polymers of Melkham, Wiltshire.

For over three years the company has been seeking to increase substantially the life expectancy of the vital skirt components, especially the replaceable air seals known as fingers. These fingers are an essential part of the hovercraft's air cushion system and have to withstand a lot of punishment as the craft travels over land and water.

Strength and durability have been increased so significantly that Avon's new skirt fingers (the exact composition of which it is not disclosing) are to be used on Hoverloy's SRN4 which is costing over £5m. and is now being built by British Hovercraft Corporation at Cowes, Isle of Wight.

Avon is also to supply Hoverloy with its latest type of skirt finger for the craft now in operation as both companies are convinced that once fingers of the newer design come into use the length of time between

replacements will be able to be extended, thus enabling the hovercraft to be kept in service for longer periods.

Hoverloy's SRN4 is expected to join the company's three other craft on the Ramsgate (Pegwell Bay)-Chatham route in June 1977.

Hoverloy carried over 932,000 passengers and 153,000 cars across the Channel in 1975 and expects to increase this to over 1m. passengers and 175,000 cars by the end of 1977 when the new craft is fully operational.

Mr. Frank Lane, sales manager (flexible fabrications), Avon Industrial Polymers, said that when Avon began its Government sponsored research and development programme in 1973 it was seeking an overall improvement in skirt finger life of at least 10 per cent. "We surpassed this target within the first six months and as a result of recent developments we have been able to achieve a further 25 per cent in skirt component performance," he added.

Avon has worked in close collaboration with Hoverloy's technical and engineering staffs since

1968 when the Ramsgate-Chatham route was conceived. During its research, Avon has produced skirt components in many combinations of compounds and textures and these have been fitted to hovercraft of all sizes operating in many parts of the world.

The results of operational wear and tear under extreme conditions are being studied, analysed and catalogued at Avon's Melkham laboratories and will provide a wealth of data which will enable the company to solve skirt problems in other hovercraft applications.

Avon thinks this is the first scientific survey of its kind and while it intends to keep the precise formula for its skirt material to itself, it is likely to make known its general findings to the British hovercraft industry "within the next year."

Said Mr. Lane: "Even when the Government's financial support for our programme ends, we will continue to carry on our researches at our own expense. We are confident that we can make still greater improvements in skirt performance in the months ahead."

DATA PROCESSING

New system by Data General

PROBABLY the most important development in minicomputers since their explosive growth began four years ago is the announcement by Data General to-day that it is offering a COBOL commercial language system and attendant small computer able to cope with the highest levels of this language implemented on any machine.

This means the company is stating categorically to the 800 or so companies in Britain who are using COBOL at all levels and use 5,000 or so who have the language in daily use as their commercial data processing lingua franca at whatever level, that "problem transfer is no problem."

In other words, if a user wants to take from his main computer those applications which will benefit most from running on a real-time oriented unit—stock control, goods purchase and the like—the user will have minimal or no language problems in putting his work on to a Data General Eclipse C-300.

It reflects the fact that the company has understood what many of its contemporaries have not—that users are becoming more and more apprehensive of any move that will take them into lengthy software rewriting.

COMPONENTS

Telephone equipment

ITEMS such as relays, switches, counters and transformers made by Telefonbau und Normalzeit in West Germany are now being marketed in the U.K. by Colstar, 235, Wimbledon Park Road, London, S.W.18 (01-874 4362).

The German company is a major manufacturer of telephone exchange equipment and a number of associated components and piece parts will be available in the U.K. Complete exchange will not be supplied.

An interesting item in the T. and N. catalogue is a range of large-size alpha-numeric displays which offer an alternative to lamp or flap-type indicators in large-scale public information displays.

Individual point elements are clustered to form various sizes of matrix for character display. Each element offers an area of about 21 x 25 mm. which is either black or white according to which side of the front plate is presented for view. Change-over is accomplished by flipping the plate through 180 degrees about a central horizontal pivot line.

In either position the plate is held by a permanent magnet, the rotation occurring due to a pulsed electromagnet. Characters up to 24 x 382 mm. can be formed, visible at 250 metres.

Valve lock prevents tampering

DEVELOPED BY a British engineer, a valve lock has been introduced which replaces the existing manual control and, it is claimed, can be fitted to most types and sizes of metal and plastic valves.

Once fitted, operation of the valve is restricted to the holder of a coded key. Dual key and interlock variations are available, plus a choice of locking permutations. Fingers can be carried out without modification to the valve, or interruption of its function.

It is marketed by George Fischer Sales, Eagle Wharf Road, London N1 7EE (01-253 1044), subsidiary of George Fischer, Schaffhausen, Switzerland.

RESEARCH

Lubrication services extended

TILL THE end of the decade and because space work is so exacting as to the performance of the materials used in structure and fluids employed as lubricants, the European Space Research and Technology Centre will be supporting the work of the European Space Technology Laboratory, Risley.

As the European Agency gets more and more deeply involved with long-life satellites such as those which are required to ensure a specific function, covering a wide area of the Continent from a "hovering" orbit over the Equator, so it will demand higher performance from all the on-board components of such inevitably more costly satellites. Risley is to undertake a detailed programme of tests on both experimental and flight models of satellite components.

Handling very high voltages

NUCLEAR structure research is the main set for the world's largest tandem Van de Graaff accelerator which the Science Research Council is building at Daresbury.

One feature will be a 31-metre insulating column which supports a terminal to run at 300 kV. This column will have to support exceptionally severe electrical gradients and the materials suggested for use have been extensively tested.

Borosilicate glass has become the leader with the best insulating properties of all materials examined. But it has to be produced in sheet form (thus there are no moulding seeds) and insulating discs are being made from Corning sheet at the James Row, Worthing.

PROCESSING

Squeezing moisture from muds

ECONOMICAL CONTINUOUS mechanical liquid extraction units for use with muds and sludges are under development in the industrial process division of Bertin and Cie.

A large-scale prototype is being used to prove the system for different industrial areas and determine for each product that might be treated the range of characteristics to be applied for forcing the liquid to the various machines which ultimately would be put into operation.

OFFICE EQUIPMENT

Projector offers new potential

THREE options offered with a new projector are claimed by its originators to make the device unique.

The Halight 300 is based on a new 300W, 240 volt halogen lamp which does not require a transformer and makes for a compact and lightweight unit. Slide carrier and filmstrip carrier are simple and robust and where possible all components are made of steel.

But the third attachment is a magnifying stage which allows users to project the images of living pond animals or growing crystals with magnifications between 50x in daylight and 400x in total darkness.

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DOUGLAS

HOME NEWS

Leyland boosts Scottish plants

BY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

THE investment freeze buoyant it is unlikely that they will hold up to the remarkably high level of last year, and at home the market has fallen below the depressed level of last year.

In the three-month period up to the end of March, Leyland's truck sales have dropped from 19,624 last year to 17,248, although market share has increased by 1 per cent to 31 per cent. Production for the year will almost certainly be down on last year.

Nevertheless, according to a statement from the group yesterday, Leyland is achieving production targets, and "maintaining its



The Queen celebrates her 50th birthday today by holding a reception for 180 holders of the Victoria Cross and George Cross, two of whom will be travelling from North America for the occasion. To mark her birthday, the Queen was recently

photographed in the grounds of Windsor Castle with Prince Philip and her youngest son, the 12-year-old Prince Edward.

Last night, 600 guests were entertained to a party in Windsor. They included Mr. and Mrs. Harold Wilson,

Mr. and Mrs. Thatcher, Mr. and Mrs. Jeremy Thorpe and Mr. Edward Heath—but not Mr. James Callaghan, Prime Minister, who remained at his Sussex farm working on State papers. He is dining privately with the Queen next week.

Top priority hunt in Ulster for IRA mortar factory

BY OUR BELFAST CORRESPONDENT

THE ARMY in Ulster has launched a widespread search for the IRA's mortar factory. While Republicans spent their Easter commemorating the 1916 rising, dozens of soldiers combed warehouses in the Catholic Markets area of Belfast, uncovering 25 mortar bombs ready for launching.

Senior officers at army headquarters at Lisburn believe that this was not the factory they are looking for. It could have been an assembly point for the lethal missiles.

Three men are helping police inquiries after the find, which included several hundred rounds of ammunition. Military hopes are high that information might be forthcoming about where the casings for the mortars are being made.

The fear is that the Provos intend making the mortar their favourite weapon. The possibility of serious casualties, civilians and military, from the use of such an inaccurate weapon is increasingly worrying the security forces.

The army, which has so far this year captured 33 mortar launching tubes as well as a number of bombs, says the mortar has a range of only 500

metres and is almost impossible to aim correctly. Some already fired have fallen hundreds of yards from their targets.

The most ambitious attack was made last month on Aldergrove Airport where a delayed firing mechanism gave the terrorists adequate time to escape before the fusillade was launched.

Army explosive experts who have examined the recent finds say that each mortar contains up to a pound of high explosive but that the danger lies in the fragmentation of the metal casing. Fired into a crowded street, it could kill up to a dozen people.

The Northern Ireland Office is understood to have made it clear to army commanders that the discovery of the mortar factory is a top priority.

The Government's major immediate headache, however, is the unrest among the Province's 1,900 prison warders who believe they are fast becoming the new "soft target" for Provo assassination squads.

Mr. Don Concannon, the Minister of State responsible for the prison service, spent much of yesterday in discussions with representatives of the Prison Officers' Association following

Monday night's shooting of two warders.

One, a married man in his 50s, died after being shot in his home at Dunmurry outside Belfast. A second is seriously ill after a youth shot him in the head while he was on duty outside the city's Crumlin Road Prison.

Prison staff have been told that security will be stepped up when they are off duty and it is believed that the Government has given permission to those who want to keep licensed firearms in their homes—a similar arrangement to that made for off-duty policemen and members of the Ulster Defence Regiment.

Dutch visit for Lord Harris

Lord Harris of Greenwich, Minister of State at the Home Office, is visiting The Netherlands from April 21 to 23. There he will have discussions with Dutch ministers on police issues, in preparation for the meeting of European Ministers of the Interior this summer. He will also look at Dutch methods of treating offenders, including the Dutch probation service.

Road traffic control changes proposed at Heathrow

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

CHANGES in control of road traffic at Heathrow, including a Private Member's Bill to give the British Airports Authority rights over the spur into the airport from the M4 motorway, are proposed in a consultative document issued yesterday.

The BAA says that despite the array of remedial measures already taken, or due to be implemented, the threat of a deteriorating traffic situation in Heathrow's Central Area remains unabated in the longer term.

"The BAA believes that it is necessary to take steps now to impose a positive control over the volume of traffic entering the Central Area whenever this becomes essential."

"An access control scheme has thus been developed to provide a method of diverting road traffic away from the congested main tunnel and the central roads network to alternative perimeter parking areas."

Under the BAA's proposals, a choice of charging levels will be presented to the driver when he arrives at Heathrow, based on whether he chooses to drive into the Central Area or park on the perimeter, and complete his journey by mini-bus.

If he chooses the latter, he will be offered low-cost parking and a free bus service. If he chooses to go direct, he will have to pass through a control system, and pay on exit according to the time he has spent in the Central Area.

Precise fee levels are not at

this stage determined, but they will not be less than the current rates per hour for parking in the Central Area and may be substantially more.

The proposed scheme would work on the basis that a driver entering the Central Area from the M4 spur or the Bath Road through the existing tunnel, would be required to take a ticket from a machine, recording time and date of issue.

He would then be free to use the Central Area roads and car parks, subject only to statutory controls such as waiting and loading restrictions.

On exit from the Central Area, the driver would be required to produce the entry ticket and a charge would be made, based on the time which had elapsed between entry to and exit from the controlled area. Current charges and controls at existing Central Area car parks will be abolished.

The control points for the scheme would be on the spur from the M4 motorway leading to the tunnel entrance and on the ramps to the tunnel off the A4 Bath Road.

No date for the scheme's introduction is given because the BAA wants to get airport users' views and also to see how many people will use the underground rail extension to the airport, due to open in the autumn of 1977.

In the meantime, while spending £1.5m. on improvements to the Central Area roads and car parks, the BAA says it intends

to place a private Bill before Parliament in the 1976-77 session, to enable it to take over that part of the M4 spur which it needs for the necessary roadworks and the purchase of land to implement its long-term scheme.

"This cannot be left until such time as the traffic problem has demonstrably worsened, as the time taken for these Parliamentary measures is too long to enable effective measures then to be taken. The remedy must be taken at hand when needed—not after the patient had died."

Justifying its case, the BAA says that traffic forecasts show a rise from the present 21m. passengers at Heathrow to 35m. a year by 1985.

"The problem has changed from one of runway capacity to that of meeting demands for terminal ground space and roads and car parking capacities."

At the same time, however, it will be impossible to go beyond the present capacity of 3,000 vehicles an hour in each direction through the existing tunnel, so that control over traffic flows will have to be exercised on the access roads to the tunnel.

The BAA says that use of the Cargo Tunnel for passenger use is not viable—the tunnel is too small and, in any case, will be needed for increased freight use.

There is also too little space for more car parks in the Central Area and additional parking spaces would add to road congestion there.

GLC calm on asbestos in flats

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THERE is no conclusive evidence that use of asbestos in buildings caused physical harm. Mr. Richard Balfe, chairman of the Greater London Council housing and development committee, claimed yesterday.

He said steps taken over the week-end to cover asbestos ceilings at a block of flats in Deptford, south-east London, were a matter of prudence.

It was realised only last week that corridor ceilings in Pelican House damaged by vandals were made of blue asbestos, dust from which can cause cancer, it is claimed.

Mr. Balfe added: "Something which has been in common use for 70 years has not suddenly assumed properties of mass murder and destruction." He said that unless the situation was handled responsibly, many

people would be needlessly worried.

"Being a prudent local authority—asbestos is in fact used by every local authority in the country—we have taken precautions not because we know it is dangerous but because it may be."

GLC councillors and officials are to meet to decide whether further action should be taken over the presence of asbestos in its buildings. Over the week-end, several tenants in Pelican House called for medical examinations for all 33 families in the block.

Mrs. Wendy Lines, secretary of the tenants' association, said: "We have been asking the GLC for two years to do something about the ceilings because of the condition they are in. Finally, someone came to inspect them and, apparently, realised what they were made of."

Blue asbestos was used in multi-storey buildings, such as schools and flats, before its use in construction was banned in 1969. The Asbestos Information Centre said yesterday that the material became potentially dangerous only if property was damaged or during demolition.

A Harwell team specialising in hazardous materials is offering its services to local authorities which may be concerned about the latest developments. A spokesman said: "Blue asbestos has obviously been used in the construction of many buildings throughout the country and it is impossible to say just how widespread it is."

"In the vast majority of cases, however, it creates no danger because it is well protected. But when it is exposed it turns to dust and that is when the danger can arise."

Accountants attack new Companies Bill

MICHAEL LAFFERTY

MATTER of regret that the EEC is dealing with insider dealing, second directive, dealing with the classification of companies, is in the context of EEC and minimum share rules, have not been in Brussels during 1975. Once it is the new Companies Bill approved by the Committee have 18 months in which to implement the directive.

In its present form, the second directive would affect all U.K. companies, although it will apply only to public companies on the issue of some Continent.

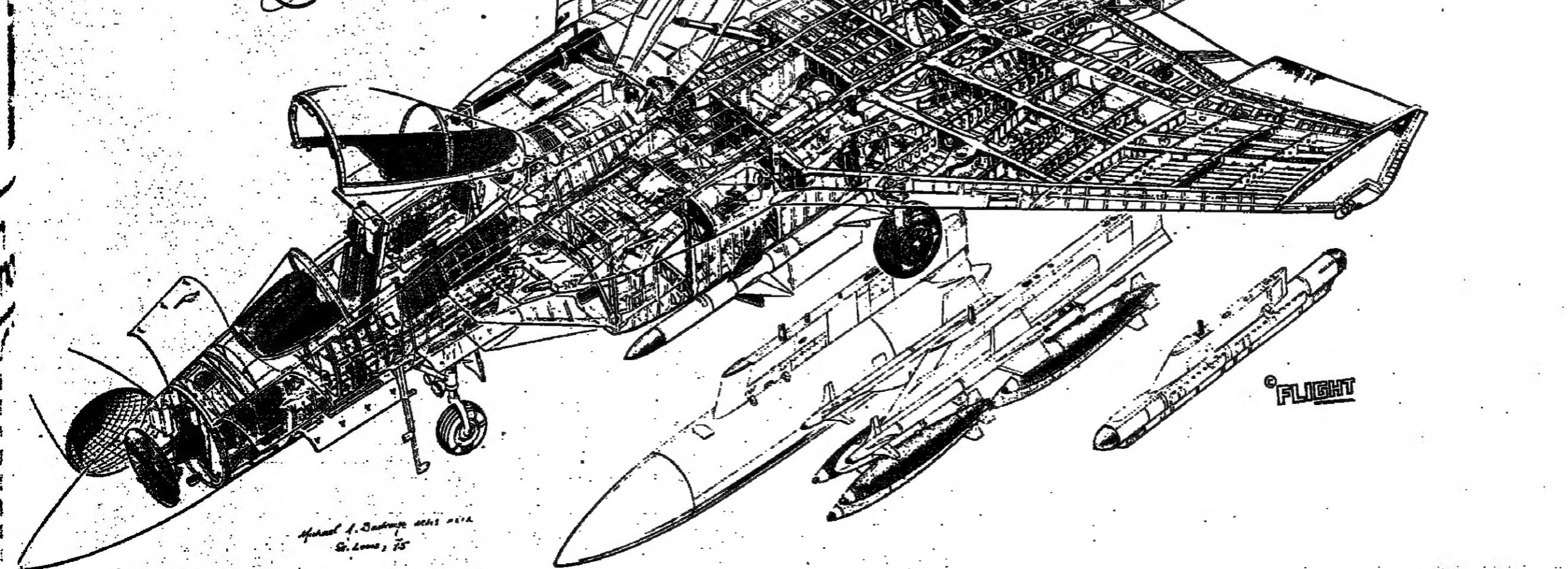
The beauty of the F-15 is more than skin deep.

The McDonnell Douglas F-15 Eagle set 8 world speed records. Its dash speed exceeds Mach 2.5. It can kill over 7Gs in combat manoeuvres. It packs a proven weapons control system and ordnance mix that make it the world's leading air superiority fighter and give it the accuracy and muscle demanded for ground attack missions.

Before the Eagle entered service with the U.S. Air Force, its design was proven in 22,000 hours of wind tunnel tests; in flight tests to four times design life; in thousands of avionics tests—hours—the most extensive test programme of any fighter. But what makes the F-15 even more beautiful is that nearly all research and development costs are behind it and paid for.

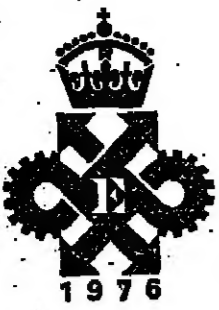
What does it all mean? It means that today's U.S. Air Force dollars buy thoroughly tested, ready-for-combat fighters.

The F-15
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THE QUEEN'S AWARDS FOR EXPORT AND TECHNOLOGY 1976

A total of 115 Queen's Awards to Industry have been made this year; 95 for export, 20 for technological achievement, including two on both counts. The following were among the winners.



AWARDS
FOR EXPORTS

Acrow

A LARGE group whose principal manufactures are mobile cranes, excavators and grabs, bridging and flotation equipment, steel formwork, shoring systems, freight containers, agricultural machinery and petro chemical equipment. Exports have more than doubled over three years to reach £32m, representing well over half of total production.

Angus

The division concerned manufactures fire hose, extinguishers, foam and foam making equipment and industrial safety equipment. Exports have more than doubled to exceed £5m, over a three-year period. Some 60 per cent of production is sold overseas to a wide spread of markets covering all continents. Notable success has been achieved in sales to OPEC countries.

BOC

A large group exporting a wide range of equipment and materials for industry including welding equipment, vacuum equipment and instrumentation, low temperature process plant and cryogenic equipment. Exports over three years more than doubled. The company's major business is the manufacture and distribution of industrial and medical gases, the export of which with very limited exceptions is not practical.

Barbour Threads

A subsidiary of Industries, this Northern Ireland company manufactures thread and braid and in a field in which there is fierce competition has increased its exports very substantially to exceed £4 million per annum, practically a half of total output. The firm's success follows intensified export efforts resulting in the establishment of several important markets including Eastern Europe and Australia.

Barr and Murphy

A small company of process plant manufacturers with only 24 employees, specialising in design and construction of industrial drying systems and pneumatic conveyors. Exports over a three-year period increased by nearly 250 per cent, with orders having been received from a widening spread of markets. A factor in the company's export success is claimed to be the technical flexibility and an ability to develop new ideas.

British Aircraft Corporation

Consistent and high level exporters and winners of previous export awards in 1967, 1968 and 1970, the Corporation as a whole now receives further recognition. Contributing to the achievement are exports of civil aircraft, military aircraft, guided weapons, missile systems, sounding rockets and communications satellites.

James Burn Bindings

A small company with 148 employees and exporting over 65 per cent of output, James Burn are manufacturers of binding systems and binder mechanisms.

Consistently good exporters they have performed well against much larger competitors and have shown excellent growth in overseas sales. Particularly good results have been achieved in Europe and the U.S.

James Burrough

The leading United Kingdom exporter of gin for very many years, this company's exports over a recent three-year period have risen by £3m, to a level approaching £10m, per annum with 55 per cent of total output exported. The company, which now exports to 170 countries, gained earlier Awards in 1966, 1969 and 1971.

Chivas Brothers

Over 70 per cent of this company's sales are De Luxe whisky brands, considerably more expensive than standard brands and selling to the prestige end of overseas markets. Sales are practically worldwide and the company's exports have increased by over £11m, in three years to a total exceeding £35m, per annum representing more than 90 per cent of production. Earlier achievement by the company was recognised in an Award in 1973.

Costain International

The company is a subsidiary of Richard Costain, one of the country's leading construction groups. Costain International has shown excellent growth in overseas earnings over three years to reach a level of more than £33m, per annum. Their efforts have been concentrated on developing business in the Middle East and among major contractors is a joint venture on a dry dock complex in Dubai to handle oil tankers up to 1,000,000 tons dwt.

Cummins Engine (Darlington division)

A manufacturer of diesel engines and components, this company is a division of Cummins Engine Company Inc., Indiana, U.S. Exports over a three-year period have increased by more than £12m, to reach a level of £27m, per annum representing 90 per cent of production. The division is the single worldwide manufacturing source of the Cummins Small Vee series of engines used in automotive, construction, industrial and marine applications.

Davy Ashmore International

Leading U.K. engineers and contractors to the ironmaking, steelmaking and associated industries, this company has achieved an outstanding increase in export earnings over three years to a level approaching £40m, per annum and representing well over 70 per cent of turnover. Special achievements include a £50m, iron and steel works contract in Mexico gained in 1974.

Dunlop Oil and Marine Division

1973 export award winner engaged in the design, manufacture and marketing of large diameter flexible rubber pipes for the oil and dredging industries. World leaders in its product, the division has over three years increased its exports by £44m, to a level exceeding £71m, per annum with 85 per cent of production exported.

Fairey Engineering Military Products Div.

Manufacture and worldwide marketing of a lightweight easily deployed multi-purpose tactical bridging system. The division's exports increased tenfold over a three year period.

to a level exceeding £54m, representing 83 per cent of production. This success results from the product meeting the needs of a specific military market with additional use in disaster relief operations.

Gestetner Holdings

One of the world's largest manufacturers of stencil and offset duplicators, copiers, supplies and accessories with a history of export endeavour. For many years a consistent high level exporter whose exports have been over 75 per cent of turnover and frequently above 80 per cent. Past export achievement by the company was recognised in awards made in 1966 and 1970.

Guest-Keen and Nettlefolds

The award is made to the GKN Group as a whole and recognises the combined export achievement of all its subsidiary companies in the U.K. This large group exports

T. S. Harrison and Sons

A subsidiary of the BOC Group manufacturing machine tools, principally centre lathes. Now exporting 55 per cent of their production the company increased its exports over three years by £1.9m, to reach a level of £2.7m, per annum. This success results from the introduction of new all-metric lathes and increased sales promotional efforts in the oil producing countries.

R. G. Holland

This small company with only 48 employees is engaged in the manufacture of ferro-titanium for stainless steel production, and stainless steel bars. Exports have increased almost four-fold over the past three years to reach a total well in excess of £1m, per annum. Sales are made principally to Western Europe and the U.S.

came from the development of offshore oil exploration business, both in the North Sea and elsewhere. The company foresaw the need for longer ropes of larger dimensions and invested heavily in new plant and equipment.

Mercantile and General Reinsurance

The company is the largest unit in the British reinsurance company market. Gross overseas earnings of the company have increased by over £16m, in three years. Business is practically worldwide and outstanding success has been achieved in Japan and the Middle East. Overseas business in 1974 comprised 88 per cent of the company's general business and 85 per cent of its life business.

Newell Dunford Eng.

The company manufactures process plant equipment. Over

senting 68 per cent of production.

John Ratcliff and Sons

A small family business, with only 40 employees, founded over 100 years ago. It has during the last two decades developed metal decorating machinery to meet a world demand from countries wishing to produce lacquered and printed cans and containers for various purposes. Exports have almost trebled over three years to reach a level representing some 82 per cent of the company's turnover.

Royal Ordnance Factories

The Royal Ordnance Factories organisation — part of the Ministry of Defence — manufactures defence stores and equipment for the Armed Forces of the Crown. It also supplies Commonwealth and other friendly governments with a wide range of defence stores and equipment together with technical advice on aspects of manufacture carried out by the organisation, to assist in the setting up of facilities abroad.

Ryvita

The leading U.K. exporter of rye crispbread whose technology is claimed to be ahead of its Scandinavian competitors. Exports over three years have more than trebled to a level well over £1m, per annum.

David Skellon yachts

This company trading as Fairways Marine is engaged in the manufacture and sale of a range of cruising yachts based on traditional fishing boat character and appearance but using modern materials and construction methods. Exports over a three-year period have increased more than five-fold to exceed £1m, per annum, representing over 70 per cent of production.

Standard Chartered Bank

The bank's principal areas of business activity are Africa, the Middle and Far East, Western Europe and the Americas with more than 1,500 offices established in 60 countries. This large overseas network, branch expansion and the growth in business development activities have been a major factor in the group's successful export achievement.

Thorn Lighting International Division

The division markets internationally a comprehensive range of light sources, lighting fittings (industrial, commercial and domestic) and components manufactured by Thorn Lighting. The division trades worldwide and manufacturing arrangements exist in six major markets.

Viking Marine

The largest manufacturers in the U.K. of ships' lifeboats in glass reinforced plastic, this small company with only 110 employees has increased its exports over three years by almost £1m, to a level representing some 68 per cent of production. The company's markets are widespread and the export increase has been achieved despite a diminishing market.

Vogt and Maguire

Originally established as shipping agents this company has over past 15 years expanded its activities in ship broking and arranging charters and more recently has acquired vessels of its own. Overseas earnings over a three-year period have well over trebled to reach a level approaching £1m, per annum.



Mr. Godfrey Hounsfield with his invention—EMI's new X-ray technology, the whole body scanner, being assembled at Feltham.

a very wide range of automotive components, primary metal products and engineering products and supplies. Its export earnings have well over doubled in three years to reach a level exceeding £145m, per annum.

Guinness Peat Group

Well-known group whose export (both invisible and visible) earnings subsidiaries cover activities in commodity broking and trading, merchandising of plant, machinery, including agro-industrial projects, chemicals, and pharmaceuticals. Over a three year period export earnings have increased more than fourfold with sales made to all parts of the world.

Sir William Halcrow and Partners

A leading civil engineering and architectural consultancy specialising in maritime works, tunnels, transportation projects, water developments, town planning and municipal and private buildings. The partnership's net overseas earnings have increased almost sevenfold over a three year period. Special achievements include the Dubai Dry Dock.

Dick James Music

Dick James Music has increased its overseas earnings well over fourfold since 1973. The main sources of this income are music publishing royalties and recording royalties from countries throughout the world. Since the company gained an Award in 1973 the overseas activities of the company have continued to expand rapidly leading to the present export success.

Lancer Boss Group

Since its formation in 1955 this company has become one of the world's leading manufacturers of lift trucks and sideloaders. Exports, which are worldwide have increased almost threefold over the past three years to reach £12m, per annum representing well over half of total turnover.

Martin-Black

Manufacturers of high tensile steel wire ropes and roping wires. The partnership's net overseas earnings have increased by more than £21m, to a level exceeding £41m, per annum. The major contribution to this increase

a three-year period, exports have almost tripled to exceed £21m, annually. Notable achievements include the development and sale, over a period of 15 years, of complete plants for the manufacture of Gari, a staple starch food, in Nigeria.

Edgar Pickering (Blackburn)

A leading U.K. manufacturer of carpet tufting machinery whose exports have increased by more than £4m, over a three-year period, to reach £64m, annually, with some 84 per cent of production exported. A professional marketing organisation with good technical support and after-sales service have aided the development of a widespread market.

Racal Communications

This company is engaged in the design, manufacture, installation and commissioning of ground radio communications systems and equipment for use by military, para-military and civil authorities. Over a three-year period exports have increased five-fold to exceed £71m, representing

AWARDS FOR EXPORT ACHIEVEMENT AND TECHNOLOGICAL INNOVATION

Export Achievement

COMPANY	PRINCIPAL PRODUCTS OR ACTIVITIES
Acrow Ltd.	Engineering
The Angus Fire Armour Division of George Angus	Fire fighting equipment
Aquascutum	Clothing
Associated British Millsters	Malted barley
The Associated Octel	Lead alkyl compounds
Avery Export	Weighing machinery
BOC	Industrial equipment
Barbour Threads	Thread and braid
Barr & Murphy	Process plant
Bemrose Transfer Prints Division of Bemrose Spondon	Heat transfer paper
Bibby Line	Shipping
British Aircraft Corporation	Aircraft, missiles
British Engine, Boiler & Electrical Insurance	Engineering, insurance
E. Brown (Leathers)	Leather garments
Brush Switchgear	Switchgear
James Burn Bindings	Binding systems
James Burrough	Gin exporter
Cambridge Analysing Instruments	Scientific instruments
Caterpillar Tractor	Earthmoving equipment
Chivas Brothers	Whisky
Contractors Plant (London & Midland)	Plant supply
Cook Bolinders	Timber jointing equipment
Costain International	Construction
Courtauld	Textiles
Crossfield Electronics	Electronic equipment

Darlington Division of Cummins Engine Diesel engines

Davy Ashmore International	Engineering contractors
Decca	Electronic products
C. H. Dexter	Paper products
Druce	Contract furnishing
Oil and Marine Division of Dunlop	Rubber pipes
EMI Medical	Brain X-ray system
Engineering Laboratory Equipment	Laboratory equipment
Military Products Division of Fairey Engineering	Technical bridges
S. W. Farmer & Son	Structural steel
The Fertilizer Division of Fisons	Inorganic fertilizers
Ford Motor	Motor vehicles
Gestetner Holdings	Duplicators
A. Grantham	Uniforms
Guest, Keen & Nettlefolds	Engineering
Guinness Peat Group	Broking, trading, merchandising
Sir William Halcrow & Partners	Civil engineering
Harris-Intertype	Composing machines
T. S. Harrison & Sons	Machine tools
Henley Forklift Group	Forklift trucks
Held Brothers	Worsted cloth
R. G. Holland	Ferro-titanium
Howard Rotavator	Agricultural implements
Plant Protection Division of ICI	Crop protection
Inductotherm Europe	Furnaces
International Computers	Computers
Dick James Music	Music publishing
Johnston Brothers (Engineering)	Road suction cleaners
Lancer Boss Group	Lift trucks
P. Leiner & Sons (Encapsulations)	Gelatin
Lindsey & Williams Industries	Specialist tapes
R. A. Lister	Diesel engines
Sir M. MacDonald & Partners	Engineering consultants
Manchester Liners	Shipping
Martin-Black	Steel wire ropes
The Mercantile & General Reinsurance	Reinsurance
Royal Ordnance Factories	Defence equipment

The Monotype Corporation

Munton & Fison	Malt extract
Manufacturing Division of NCR	Business equipment
Newell Dunford Engineering	Process plant
P.M.C. (Sheffield)	Fewer ware
Pauling	Civil engineering
Penion	Medical equipment
Petbow	Generating sets
Edgar Pickering (Blackburn)	Carpet machinery
Victor Pyrate	Tanker cleaning equipment
Racal Communications	Radio systems
Racal-Mobical	Transmitters
John Ratcliff & Sons	Metal decorating equipment
Charles Richards Fasteners	Fasteners
Ryvita	Food
Saunders Valve	Stop valves
Serck Tubes Division of Serck Industries	Specialised tubes
Silverline Caravan	Caravans
600 Services	Technical education
David Skellon Yachts	Cruising yachts
Aviation Division of Smiths Industries	Instruments
Standard Chartered Bank	Banking
Large Cylinder Division of T.I. Chesterfield	Gas cylinders
T.I. Desford Tubes	Bearing tube and hollow bar
International Division of Thorn Lighting	Lighting
International Finance Division of Tozer, Kamsley & Millbourn (Holdings)	Trade finance
Transprints (U.K.)	Transfer printing papers
Viking Engineering	Engineering
Viking Marine	Lifboats
Vogt & Maguire	Ship broking
John Walker & Sons	Whisky
Josiah Wedgwood & Sons	Ceramic tableware
The Wellcome Foundation	Pharmaceuticals

Technological Innovation

A.P.V.	Computer Control
Chas. A. Statchford & Sons	Artificial limbs
Guided Weapons Division of British Aircraft Corporation	Rapier weapon
The Forties Project Team of British Petroleum	Forties Field dev
Central Research Laboratories of EMI	Medical scanner
Ekco Instruments	Crane safety dev
Ford Motor	Carburettor dev
Froude Engineering	Dynamometer w
Hatfield Unit of Hawker Siddeley Aviation	Aircraft wing dev
Instron	Materials testing
Marconi Communication Systems	Integrated telec
Tobacco Machinery Division of Molins	Tobacco machine
Optoelectronics and Microwave Unit of the Microsystems Division of Plessey	Microwave devic
Rothamsted Experimental Station	Insecticides
Pump Division of William R. Salwood	Pumps
Missile Systems Division of Short Brothers & Harland	Blowpipe weapon
John Thurler	Vaporisers for nat
Victor-Products (Walsend)	Coal face lighting
Welsh Plant Breeding Station	Hybrid ryegrasses
Wilson & Longbottom	Fabric looms

Export Achievement and Technological Innovation

Ford	
EMI	

HOME NEWS

Pricerite stores to return as special range of cut-price shops

FOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

America Tobacco is All the companies are hoping that these limited range discount stores will produce a solution to one of the fundamental problems of most supermarket groups: what to do with small end of May, the company have converted 44 of its International Stores in the North-west into stores. The idea has been successful in Germany and, if it worked in this country, could greatly intensify competition in the High Street. The cheapest grocery prices are generally offered outside established shopping areas—either by discount operators like Kwiksave or by the new superstores—but the development of these limited range discount stores in central shopping areas could force other conventional supermarkets to reduce their prices on a far wider range of products. The Pricerite stores will have an average sales area of between 1,500 and 2,000 sq. ft. compared with 4,500 for an average supermarket and 2,400 for an average international. The 500 items stocked will be mainly brand leaders, and goods will be delivered in pallets so that they can be put on display with a minimum of physical handling. Savings will be made on labour by cutting out people like shelf-fillers, though International says that redundancies should be kept to a minimum as a result of the high staff turnover which normally exists in retailing. Since BAT bought International Stores in 1972, the emphasis has been on closures rather than store openings, though over the years the company has bought a number of other shops, like the 135 Pricerite stores acquired in 1973. In all, the company has bought 1,172 stores in its attempt to diversify into retailing, but over 300 of the smaller shops have been closed, with around 200 shut last year alone.

Virtually all the shops are now trading under the International name, but the group still has a number of very small shops left. Though the new Pricerite concept may save some of them, it seems likely that more stores will be closed. The company has already said it intends to "re-cycle" £30m. by closing uneconomic stores and opening new ones. The company is also experimenting with a chain of delicatessen stores and a more conventional form of discounting. The International name will be used over the delicatessen shops, but the larger discount stores will trade under the name Pysanake. The first two of these discount stores have been opened, in Luton and St Austell, with sales areas of 5,700 sq. ft. and 8,000 sq. ft. respectively. Unlike the Pricerite shops, they sell a range of fresh produce as well as manufactured groceries.

d to stop changes cigar duty

INETH GOODING, INDUSTRIAL CORRESPONDENT

Importers are to make an attempt to get the proposed changes to the duty on cigars made in the proposed arrangements which, stand, hit cigars more than cigarettes. The Tobacco Products Association, the Importers' Committee, is to have the Customs and Excise. The aim is to make the Finance through its committee. First sight it would be a hopeless proposition, there is no sign that K. manufacturers, their association, the Advisory Committee, support to the operation will have to go up in the duty on the tobacco. Because a new end-product duty of 10 per cent on the total retail value of cigars will be introduced, while the duty on the tobacco. Compensating factor 1 with cigarettes, is more than 50 per cent. One idea the tobacco companies believe is being considered is that payment should be on the 15th day of each month. Payment of duty certainly will not be made at least until the products are due to be shipped from the factory. Another company to reap some benefit from the Liggett move is Siemens Hunter, the quoted company whose subsidiary William P. Solomon has the exclusive U.K. agency for Chesterfield Filters.

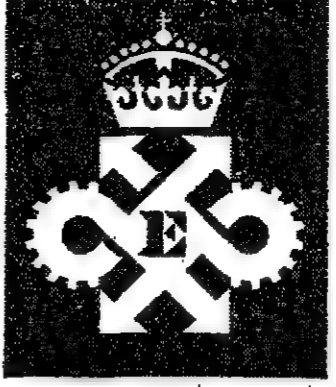
Airlines meet to decide 'third class' Atlantic fare

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

SCHEDULED airlines flying the North Atlantic air route are to work out a new type of cheap "third-class" fare, to become effective next November 1, to enable them to meet the growth of low-fare charter competition. This will be one of the main tasks of a meeting opening today at the Essex Motor Hotel, Wembley under the aegis of the International Air Transport Association, that will also be considering a revision of other fares on the route. At present, Atlantic fares are fixed through this summer until October 31, according to an interim formula agreed in Geneva in late February. At that time, because of the difficulties involved, the airlines agreed to postpone consideration of a longer-term restructuring of the Atlantic fares situation. This proposed new structure is intended to become effective November 1, and to last, with perhaps minor adjustments, until the summer of 1977.

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WS subsidiary to make esterfields in Britain

INETH GOODING, INDUSTRIAL CORRESPONDENT

PERATIVE Wholesale tobacco subsidiary is to make a major campaign to establish its Chesterfield brand in the U.K. It will put £400,000 behind its "cigarette revolution" in 1976, far more than usual. The company usually counts on its brand to make the brand has gone to the Tobacco Company, in W.S. is the majority in making cigarettes W.S. (including the brand) the MTC has a wide range of cigarettes and processed tobacco products for export. An MTC official said yesterday: "The volume and the style of the Chesterfield brand fitted very neatly into our operations. We know we can cope with the volume expected for the foreseeable future." This means that there has been no investment in new machinery by the MTC or any need to take on extra people as a result of the contract. Another company to reap some benefit from the Liggett move is Siemens Hunter, the quoted company whose subsidiary William P. Solomon has the exclusive U.K. agency for Chesterfield Filters.

Glaxo plant to provide more jobs in Scotland

GLAXO, the chemicals group, is planning to build a £10m. factory just north of the Scottish border which will provide up to 800 new jobs at Annan, Dumfriesshire. The contract for building the factory at Waterfoot, Annan, has been awarded to John Laing Construction and will be handled by its Carlisle office using local labour. Work is to start in early June and will take about two years to complete. The plant will give the company additional capacity for the production of pharmaceutical chemicals. Glaxo already has two other factories in Cumbria, one in Kendal and the other in Ulverston. Development of the plant would be gradual, Glaxo said yesterday. The group was anxious to ensure a minimum of disturbance to existing amenities. Detailed planning permission is still required for the 168-acre site, but the local authority has approved the scheme in principle. The nostalgia boom has meant jobs for another 120 people at the Metal Box factory in Carlisle, as the company has resurrected a design first made at the turn of the century—and gone into full production of Edwardian tin boxes. The design is known as Black Jap, a Japanese design which the company is exporting to the Far East. The demand for old-fashioned tins led the company to take on extra workers and now has full order books right through to the autumn. "Old-fashioned fancy boxes are enjoying quite a revival, and we are one of the few companies to specialise in this sort of work," the company said yesterday. "For that reason alone we are taking the lion's share of the world market."

Sacked parish council clerk on £6 benefit

THE FORMER Clerk and Chief Financial Officer of Clay Cross Parish Council, dismissed in January for alleged "gross mismanagement," is currently living on £6 a week State benefit, an industrial tribunal was told yesterday. Lawrence Humphries, 29, of Wingerworth, near Chesterfield, was appealing to the tribunal in Sheffield alleging unfair dismissal. Mr. Godfrey Eastwood, for the National Union of Public Employees, said Humphries had suffered severe financial hardship since his sacking. He was out of work and receiving £6 a week from the State. He was opposing an application by Mr. E. Marks, for the council, that the hearing be adjourned. Mr. Marks said the District Auditor still had the Council's books and they would not be available until next month.

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1. Failure to furnish to trustee a mortgage on the M.V. Submarcor
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Manufacturers and Traders
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April 9, 1976

Oil money plan to ease freight burden
NORTH SEA oil revenues should be used to reduce the crippling shipping freight charges to which Orkney and Shetland are subject, Mr. Jo Grimond, the Liberal MP for the islands, said yesterday. Only last week, fares and freights for Orkney's internal sea routes went up by 22.5 per cent. Mr. Grimond expressed deep concern at the mounting cost of transport and freight throughout the country and urged local authorities in the islands to use their oil revenues to help consumers, merchants and travellers with freight charges.

1976

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FINANCIAL TIMES SURVEY

Wednesday, April 21 1976

Jordan

Jordan, under the experienced hand of King Hussein, has moved steadily towards a state of political and economic stability. The achievement is all the more impressive in the context of a generally explosive Middle Eastern situation.

Order out of chaos

By Robert Graham

AMMAN, WITH its solidly built limestone houses, orderly traffic, disciplined pedestrians, tidy streets and busy shops, exudes a burger-like self-assurance these days. Six years may be a long time in the Arab world but it is hard to believe that this self-assurance is coming from the same city that witnessed a bloody confrontation between the Army and the Palestinian guerrillas in 1970. It is also ironic that Jordanians should have fled in 1970 to the safety of Beirut when now Lebanese have come to seek security in Amman from the fighting in their own country. Bank population—as much as which in turn has been due in part to the armed presence of

the Palestinian resistance pushed out of Jordan. There is irony too in the fact that Jordan's main political ally in the Arab world should now be Syria, the country which sought to invade Jordan in 1970 in support of the Palestinians. The lesson from this is that Jordan's ability to turn the other cheek and survive has been consistently underestimated. So for that matter King Hussein has been underestimated; he has outstayed all other Arab leaders and after 23 years of rule is more firmly in the saddle now than ever before.

The key to Jordan's present position was the swift but controversial way in which the King decided to eliminate the Palestinian resistance from Jordanian soil, a move which, though causing the deaths of some 1,200 persons, palls beside the barbarity and terrible casualties of the Lebanon. This ensured that the King, through the army, had supreme authority and provided the basic security for economic development which is now taking place. Prosperity, the elimination of unemployment and a sense of social and economic purpose have now removed the superficial scars of 1970. These factors have also created a strong incentive for the majority Palestinian element of the East Bank population—as much as 30 per cent—to play a part in retaining the status quo.

Although even some of the deeper scars of 1970 are disappearing, nevertheless it would be wrong to pretend that Jordan has yet solved its basic internal problem—the accommodation of a Palestinian minority establishment. The King has won respect as a clever, determined and courageous man, but the fundamental element in his support remains the Bedu-based army and non-Palestinians. The highest-ranking Palestinian officer in the army is a Brigadier. Past experience has taught the King to keep a very tight security network, and the message of a strong hand against any troublemakers has been made very clear. Jordan is now an extraordinarily orderly society. It is also a society which seems to have relatively few social tensions, since the gap in incomes is not wide and the small group of rich people are discreet in their wealth.

Reverse

Just as commentators wrongly predicted a grim future for an ostracised Jordan in a hostile Arab world after 1970, so in 1974 Jordan appeared at first sight to have suffered a major reverse when the Rabat summit declared the PLO to be the legitimate representative of the West Bank. It was a humiliating moment for King Hussein to be deprived by the Arab leaders of the legitimate leadership of one part of his kingdom. Yet in retrospect the decision has not proved nearly so unfortunate. It has removed the responsibility for a major problem directly from King Hussein to the PLO and the Arab world as a whole, and it means he does not have to involve himself, publicly at least, in the future of this delicate problem. He thus avoids any embarrassment of reaction from a population, many of whom have expressed hostility to further Hashemite rule, a factor confirmed by last week's West Bank election results.

Although the King has formally accepted the Rabat decision as binding, he knows that it is on the cards in a final settlement that the West Bank will need to come to some sort of federal arrangement with the East Bank. It is also probably fair to say that King Hussein himself has not renounced all hope of the West Bank coming back into the fold and accepting some form of his sovereignty. But if this is his private belief, he is nevertheless proceeding on the assumption of the Rabat decision being followed. He has removed a number of West Bankers from his administration, cut their number of senators and reshuffled his cabinet to include only four West Bankers.

In February the National Assembly, which contained 30 West Bank members and which was dissolved in November, 1974 in the wake of Rabat, was briefly reconvened. The main aim of this move was to get the Assembly to cancel a proposed public relations by some, when President Assad visited Jordan this year he was greeted with a period not exceeding one year.

The Assembly then dissolved. Some saw this as an attempt by the King to reassert his authority over the West Bank. Almost certainly this was an erroneous interpretation. It seems the authorities were anxious not to hold elections which would only "legitimise" the Israeli-sponsored elections on the West Bank. On another level it seems that there was a general reluctance to go ahead with elections which might open up old wounds and force a cleavage in the delicate balance of Palestinians and "Jordanians."

The prospect of a reconciliation with the PLO is still distant. The PLO has never forgiven King Hussein for his crushing of the resistance movement in Jordan, while the King is most unlikely to accept PLO forces in Jordan. Syria's mediation efforts have been sidetracked by its own involvement in Lebanon and the complications arising from its role there. King Hussein himself seems in no hurry to reconcile with the PLO and probably feels strong enough to hide his time, reconciliation being one diplomatic card he can keep up his sleeve.

The burgeoning friendship with Syria has served as a useful counter to the PLO. If anything the recent events in Lebanon have helped to bring Jordan and Syria closer together in their attitudes towards the Palestinian problem. But this would have been only one factor encouraging King Hussein to seek closer collaboration with Damascus, in what is arguably the most significant new alignment in the Arab world. The Hashemite monarchy from King Hussein to the PLO and President Assad's Baathist regime in Damascus are in many respects odd bedfellows, but they have a good deal of mutual interest in close co-operation.

Tense

From Jordan's point of view friendship with Syria neutralises what has traditionally been a tense northern border. Moreover after the Sinai agreement last autumn between Egypt and Israel, Syria was Jordan's only serious partner to counter an Israeli threat. Partnership with Syria also has the advantage of keeping up Jordan's credentials as a "confrontation state"—slightly suspect in some Arab eyes for its relatively small (though understandably so) contribution in the 1973 Arab-Israeli war.

As a result of these various reasons the two countries have managed to achieve a remarkable degree of harmony. A Supreme Joint Council headed by the two countries' Prime Ministers meets every three months and a Supreme Leadership Council of heads of state meets every six months. In practice the contact is much more frequent. Certain steps have been taken on the military level, such as an understanding to co-ordinate military ranks and improve communications. Although this is dismissed as public relations by some, when President Assad visited Jordan this year he was greeted with shouts of "One people, one

army" at the economic level too there are serious discussions on co-operation. It should be stressed that this relationship is based very much on an appreciation of President Assad by King Hussein and need not necessarily apply to a new face in the Syrian leadership. The Jordanians have been careful to avoid talk of unity in traditional Arab emotive terms. They have been careful also not to commit themselves too heavily. But their commitment has inevitably involved a severe strain with Egypt—the Egyptians withdrew their ambassador and none too tactfully offered to replace him with the man who was in Amman in September, 1970, prompting the Jordanians to refuse accreditation.

Defence

The extent to which Jordan moves even closer to Syria will make, for it is a very serious discussion whether King Hussein can still obtain the Hawk air defence system, with Saudi finance, from the U.S. The deal has foundered on questions of cost, though observers believe it can be revived. Jordan needs an air defence system to provide a credible defence posture to alliance with Israel. The army is pressing involve him in hard for one. The King and his senior officials have made it clear that while preferring to before, there obtain such weaponry from believe that traditional friends, they may in the future.

BASIC STATISTICS	
Area
Population
GNP
Per capita
Trade (1975):	
Imports (to end Sept.)
Exports (to end Sept.)
Imports from U.K.
Exports to U.K.
Currency:
	dinar

have no option where if they Syrians or the King Hussein Moscow in June

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HASHEMITE KINGDOM OF

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- 4— There is a half-yearly draw for prize of JD 2,500 and other prizes from JD 500 to JD 50. Excludes draw, are Bonds held by the Central Bank of Jordan;
- 5— Bonds may be purchased and owned by residents of Jordan;
- 6— Non-residents purchasing Bonds may enjoy the option of converting the value, on maturity, to Jordanian currency or in U.S. Dollars at the rate of exchange of about US \$3.1 to JD 10.
- 7— All earnings accruing to Bonds, capital gains, are free from income tax and other taxes and fees.

The Premium Development Bonds are available at par at any time on presentation to the Central Bank of Jordan.

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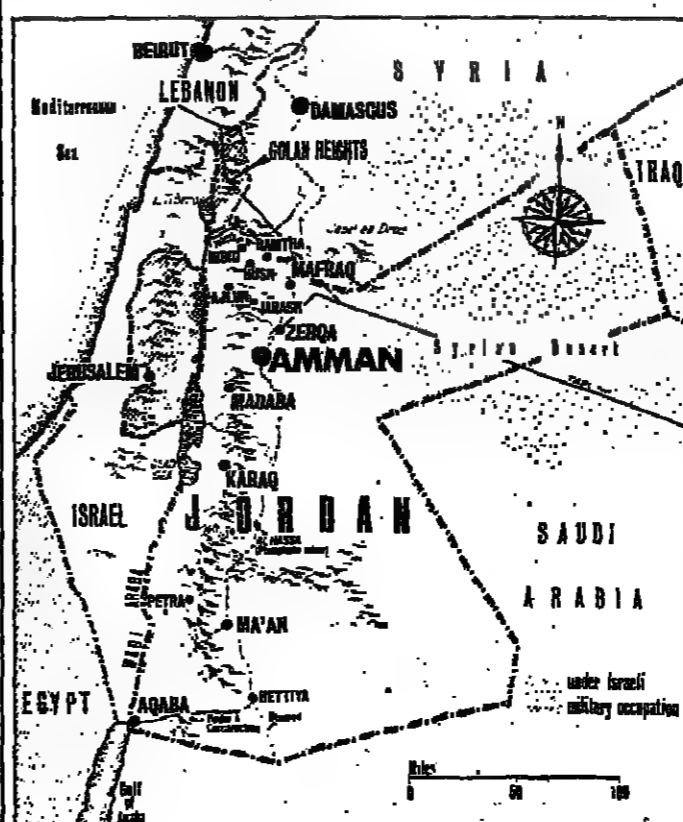
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JORDAN II

Economy copes with disruptions

JORDANIAN economy has been a veritable punchball for traumatic events which have shaken the Arab world since 1967. It has had to come to terms with the Israeli occupation of the West Bank, the un-expected and loss of control over the Golan Heights, and the disruptions of the Arab-Israeli war.

With the exception of the Arab-Israeli war, no Arab economy has suffered so much disruption. But no Arab economy has shown such extraordinary resilience. The country is now on its feet again, showing signs of prosperity and confidence. This has been achieved through a mixture of a but solid management, determination by the authorities and a hard-working population. At the same time, Jordan has benefited from the spill over of oil revenues in the

Although this new prosperity is helping to ease the traumas of the Arab occupation, the 1970 war and the 1973 Arab-Israeli war, it is important to see these past events in perspective. It is not just how the economy has adapted to new realities. The 1967 war abruptly terminated a period of steady growth in which the economy was moving towards a "take off" point. It was a Jordan of almost two-thirds of its production was the more evolved West Bank and added some 300,000 persons to the East Bank. The economy was then in a state of transition, adapting to the new realities of the Arab occupation, the 1970 war and the 1973 Arab-Israeli war. The economy was then in a state of transition, adapting to the new realities of the Arab occupation, the 1970 war and the 1973 Arab-Israeli war.

Then came the 1973 Arab-Israeli war, which affected export markets and the main earner, phosphate. The economy has been affected by the war, but it has shown remarkable resilience. It has adapted to the new realities of the Arab occupation, the 1970 war and the 1973 Arab-Israeli war. The economy has been affected by the war, but it has shown remarkable resilience. It has adapted to the new realities of the Arab occupation, the 1970 war and the 1973 Arab-Israeli war.

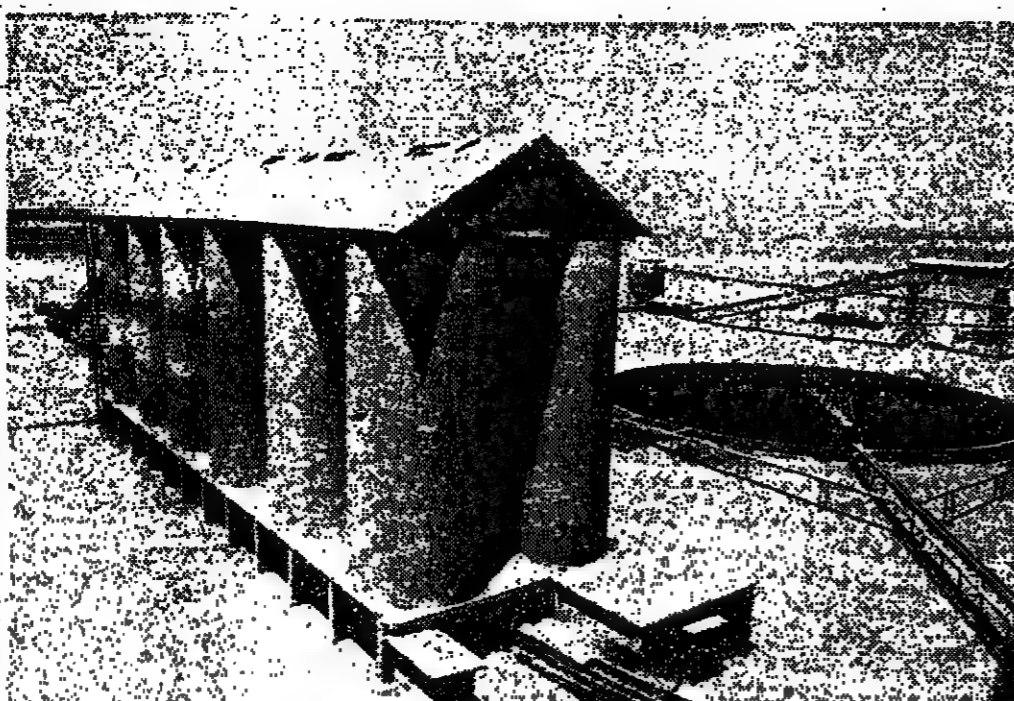
As for GNP, this is estimated to have increased at 7 per cent, giving a current per capita GNP of nearly \$400. These figures apply only to the West Bank. The growth rate has been affected by a poor harvest in the agricultural sector. The last year and in 1975, a very dry agricultural year, but other field crops in fell by up to 70 per cent. However, the performance of the mining and construction sectors has been a sharp improvement. The performance of the mining and construction sectors has been a sharp improvement. The performance of the mining and construction sectors has been a sharp improvement.

As it was the industrial index reached 194 in 1975, against 152 three

Understandable

With this kind of resource base it is understandable how important the service sector has become. The service sector has become a major part of the economy. The service sector has become a major part of the economy. The service sector has become a major part of the economy. The service sector has become a major part of the economy. The service sector has become a major part of the economy.

Compounding the problem of Jordan's slim resources is the question of the Israeli-occupied West Bank. Over the past nine years the East Bank has got used to being on its own. Fruit and vegetables are the main items allowed across the bridge to the East Bank. The East Bank has got used to being on its own. Fruit and vegetables are the main items allowed across the bridge to the East Bank. The East Bank has got used to being on its own. Fruit and vegetables are the main items allowed across the bridge to the East Bank.



Phosphate installations at El Hassa.

elsewhere in the Survey, but suffice it here to say that roughly 50 per cent. of budget expenditure is covered by external assistance. Moreover, Jordan suffers from a chronic trade deficit which has been progressively widening. The narrow export base this year covered just over 15 per cent. of the import bill.

These inherent financial weaknesses are just one aspect of the country's limited means. Its sole major natural resource is phosphates, though they are not of the highest quality and are subject to the vagaries of international market forces (currently demand is slack). Phosphates account for 37 per cent. of export earnings. Soan potash on the Dead Sea will be exploited and there are longer term hopes for development of copper deposits in the Wadi Araba area south of the Dead Sea. But even with these resources exploited, Jordan cannot expect to be rich and will be fortunate in the long term to match export earnings with import demand. Agriculture is important because it can reduce the foodstuffs import bill of \$130m, but it is concentrated in the rich, but narrow Jordan Valley and round Irbid. Development is limited by a hostile climate and insufficient water supplies.

Asset

Jordan's supply of skilled and semi-skilled labour is arguably its biggest single asset. It offers the East Bank the chance to branch out into light manufacturing and small-scale industry which could service the whole region. It also provides Amman with the opportunity to take over, at least in part, some of the service function of Beirut. This is certainly what the authorities would like to see happen; and in the past year they have taken a number of steps to attract foreign investment, with tax holidays and liberalising foreign exchange dealing.

But the big handicap that any foreign investor faces—as does the local manufacturer—is the smallness of the local market. If one excludes the West Bank's 600,000 population, the local market is only 1.9m. This scale is too small to attract most investors—and helps to explain why until now there has been so little import substitution even in consumer items. This concern for the size of the market helps explain why Jordan has consistently advocated a proper Arab common market. More political discussions with Syria on closer integration. Jordanians are still sceptical—given past experience—of close economic integration with Syria. Nevertheless serious noises are being made at the highest level about precisely this. Already an industrial free zone has been set aside on the border near Deraa and Ramtha, and the two countries have agreed to levy equal tariffs on imported raw materials.

Yet all these problems and opportunities ultimately have to be considered against the wider political context of the Middle East, which at any time can upset Jordan's economy. Jordan's giddy, determined performance deserves admiration, but most Arab countries do not give this, even grudgingly. This in itself mitigates against co-operation, while the unresolved Arab-Israeli conflict and the Palestinian problem continue to threaten Jordan's attempts at economic development.

Remittances through the banking system are now worth the equivalent of \$150m, while the real figure is reckoned to be double this. Ironically this exodus is proving one of the greatest headaches for the Government. The Government cannot afford to lose skilled and semi-skilled labour at the rate it is without affecting its own development plans. Yet it cannot easily inhibit this exodus because matching Gulf salaries would be difficult to pay for and have serious inflationary effects. The Government hopes that the answer, though unsatisfactory, lies in the creation of more vocational training schools and encouraging more women to work, since less than 10 per cent. are currently active.

Understandable

With this kind of resource base it is understandable how important the service sector has become. The service sector has become a major part of the economy. The service sector has become a major part of the economy. The service sector has become a major part of the economy. The service sector has become a major part of the economy.

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BALANCE OF PAYMENTS, J.Dm.			
	1974	1975	
	credit	debit	credit
A. Goods and services	114.3	198.2	164.9
1. Merchandise	49.7	185.7	45.8
2. Freight/insurance	1.3	1.8	2.5
3. Transportation	7.7	7.2	14.8
4. Travel	17.3	17.4	32.2
5. Investment income	8.8	2.1	10.6
6. Govt. R.E.	2.0	12.6	5.9
7. Other services	27.5	1.2	82.1
(Remittances)	(24.1)	—	(46.7)
Net goods and services	83.8	—	117.4
Trade balance	105.9	—	161.3
B. Transfer payments	86.8	0.1	151.5
9. Private	3.4	0.1	1.9
10. Government	84.4	—	149.6
i. Arab	(46.6)	—	(117.4)
ii. U.S.	(25.3)	—	(22.3)
iii. UNWRA	(8.7)	—	(9.9)
Total A and B	2.9	—	33.5

Source: Central Bank (where totals do not tally rounding has been taken place).

CENTRAL GOVERNMENT BUDGET (J.Dm.)			
	1972	1973	1974
Revenue	98.7	103.3	125.1
Domestic	42.8	46.0	63.2
Foreign grants	44.4	45.0	52.9
Foreign borrowing	10.2	11.1	8.9
SDRs	1.1	—	—
Expenditure	101.5	114.7	151.5
Recurring	70.4	76.2	104.8
Capital	31.1	38.5	46.7
Surplus/Deficit	-2.8	-11.3	-26.4
Domestic borrowing	5.0	6.7	13.0
Treasury Bills	—	2.7	5.0
Government Bonds	5.0	4.0	8.0

Source: Central Bank (where totals do not add up rounding has been taken place).

CONTRIBUTION BY SECTOR TO GDP (per cent.)		
	1975	1980
A. Productive sectors	35.2	44.1
Agriculture	10.3	8.3
Mining/manufacturing	15.6	28.3
Construction	7.6	5.3
Electricity/water supply	1.7	2.2
B. Services sectors	64.8	55.9
Transport/communications	9.0	8.4
Trade	19.0	15.3
Financial institutions	1.7	2.2
Ownership of dwellings	5.9	5.9
Public admin./defence	19.0	15.2
Other	10.2	8.9
GDP	100.0	100.0

Source: National Planning Council.

JORDAN

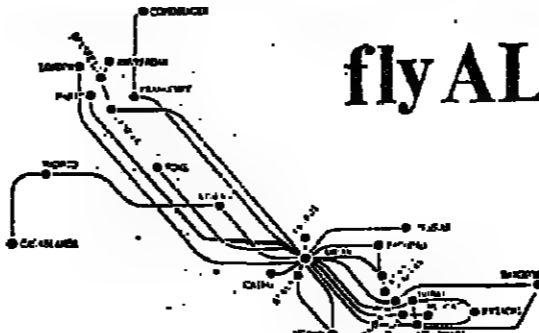
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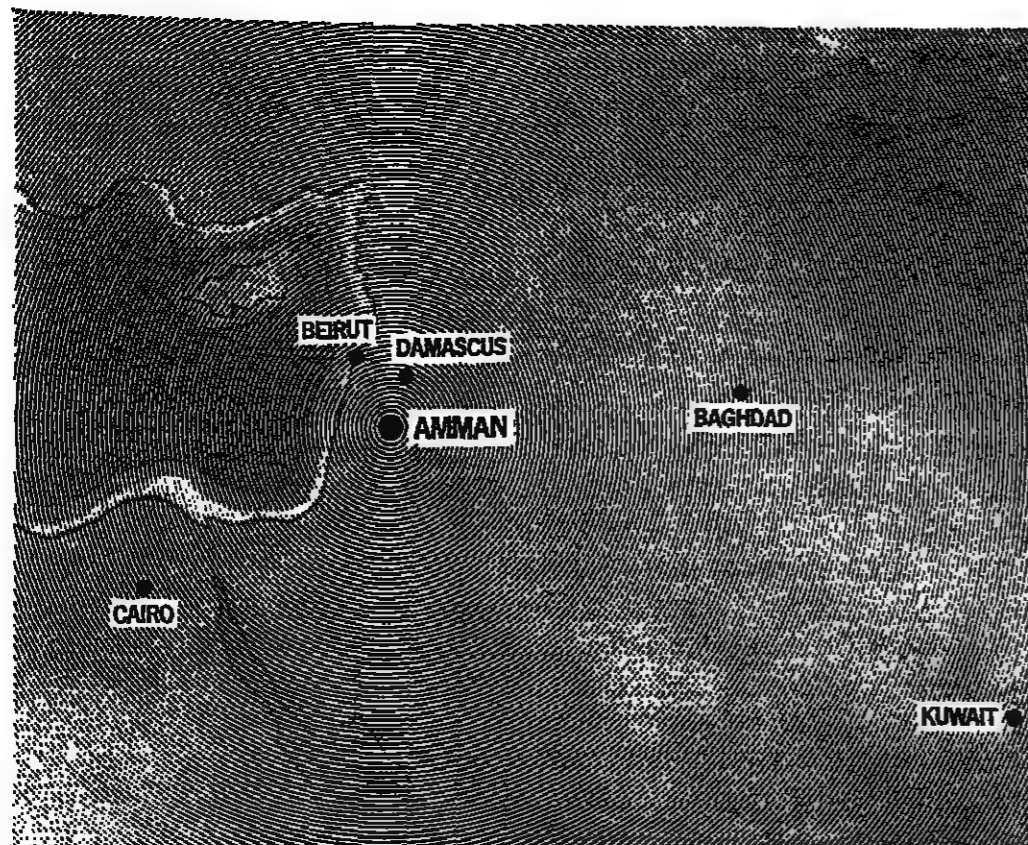
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JORDAN III

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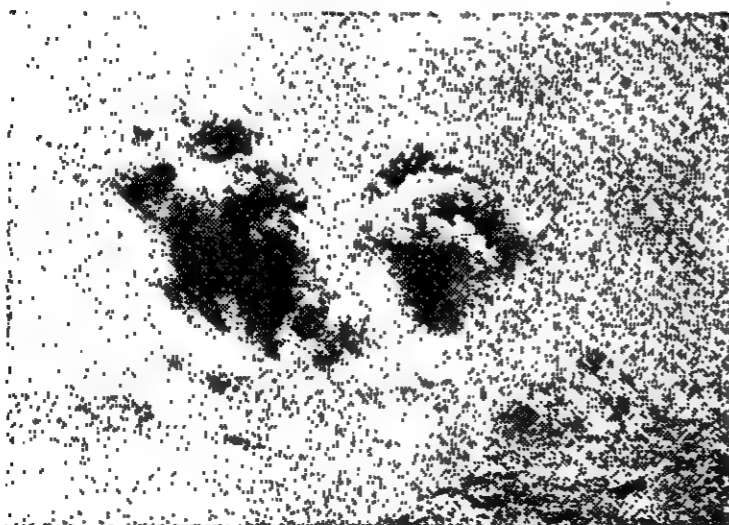
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THE DEMISE of Beirut as a regional banking and commercial centre of the Middle East has led to the immediate need for an alternative location and also the search for a city for basing operations in the longer term.

It is clear that no single city that can replace Beirut, but many smaller and more specialised business centres are cropping up round about Amman is one of these, and more than any other city perhaps it has sought systematically to attract international companies seeking a new base of operations in the Middle East.

It would be unfair, indeed incorrect, to suggest that Amman has gone around vulture-like trying to nourish itself off the charred carcass of Beirut. It is anyway quite impossible for Amman to aspire to become anything near what Beirut has been in terms of a regional financial and commercial centre. But it is well within Amman's means—and clearly its aim—to attract a limited share of the refugee-like international offices now wandering the Middle East in search of a viable and secure business base.

It is a pleasant, robust, dependable, well-located and relatively well-endowed city with the requisite infrastructural resources to cater for its growing and ever more cosmopolitan commercial community.

Its drawback is that it is all this but not very much more. A host of official and private figures have recited the glories of Amman during the past year, and the State sought to encourage the influx of foreign firms by issuing a decree in late 1975 offering attractive benefits to any company that would be given licences to open Amman offices.

The Registration of Foreign Companies Law offers the following to a company that sets up in Amman for business in the Middle East:

• A decision within one week by the Industry and Trade Ministry on a company's application to set up shop in Amman.

• Exemption from a wide range of registration fees and the need to obtain business licences; from income tax and social services funds from business outside Jordan; from Customs duties, import fees and all other additional charges on furniture and equipment the company brings into the country to conduct its business; from the need to register with and pay fees to the Chambers of Commerce and Industry and professional associations; from restrictions on bringing into the country commercial and industrial samples related to the company's business.

• Authorisation for the company to open non-resident bank accounts with commercial banks in Jordan in any currency with total freedom of currency movements.

• Exemption for foreign personnel of the company from income tax and social security taxes on their wages, and the right of these personnel to bring into Jordan duty-free their household furniture and one car.

There is also an unwritten law that a new foreign company in Amman is to receive prompt action on requests for telephones and telex facilities, post office boxes and other such business facilities.

There is a simultaneous effort underway by the Central Bank to attract more international banks to open branches in Jordan. Central Bank Governor Said Nabulsi recently announced that several foreign banks (so far unidentified) would be given licences to open Amman offices.

Chase Manhattan opened its doors in Amman on April 11, and among other interested banks seeking a niche in the local market are Banco Hispano-Americano, Deutsche Bank and Sweden's Skandinaviska Enskilda Banken.

Banks operating in Jordan have recently been authorised by the Central Bank to exclude non-resident deposits from the 12 per cent legal reserve requirement, and place these funds with correspondent banks abroad if so desired. In the past six months, in fact, non-resident bank deposits in Jordan have trebled. This is widely believed to reflect the increased business of the new foreign companies in the country.

Some 50 foreign companies have been sufficiently enticed by the look of things in Amman to move in during the past half-year. Some of these—like Holiday Inn, TTT and a host of smaller engineering and services companies—were clearly impelled to leave Beirut because of the fighting, which is also why some international organisations like UNRWA have moved several hundred people into Amman. Other companies, most notably Bechtel, had already eyed Amman as a logical centre to set up or expand operations.

What is taking place in Amman is a two-pronged drive to attract foreign companies seeking regional office, and simultaneously to develop more sophisticated financial structures and institutions which in the long run would also make Amman something of a regional money and capital market, even if a limited one.

Efforts to develop a stock market and a bonds market, along with the moves to attract banks and, for all practical purposes end restrictions on the movement of currencies, fall into the category of what Central Bank Governor Nabulsi

helped to strengthen foreign reserves. Last month Jordan's total foreign reserves stood at the equivalent of \$636m. (over its determination and its seven months imports). How ever, this figure is that high thanks to \$118m. being paid into reserves by Saudi Arabia as a one-and-for-all payment footing the bill for a settlement between Jordan and Tapline over a long standing transit dues dispute. In fact, if this sum is subtracted (and it will be paid out over the year), reserves are virtually the same now as this time last year and the Central Bank expects them to drop lower as plan disbursements begin.

Although the strong performance of invisibles is an encouraging element for the authorities, this in itself cannot cover import needs and the widening trade gap. This year imports will cost Jordan almost \$1bn. Moreover, domestic revenues cannot hope to cover the dinar cost of development in the Five Year Plan initiated this year. Thus, though the aim of the Plan is to bring about a situation whereby the trade deficit is cut and dependence upon external budgetary support is limited, the Plan itself requires very substantial assistance.

Public sector investments of JD383m. (\$1.2bn.) will require total resources of JD574m. Of this 46.5 per cent. will come from foreign loans, 30.6 per cent. from the current account surplus, 19.2 per cent. from domestic borrowing and just under 4 per cent. from capital transfers from abroad. To achieve this an essential element will be to increase domestic revenues at rates higher than those of recurring expenditures to realise a rising level of the surplus on current account. In addition the financial resources of the private sector will have to be mobilised through development bonds and productive investments. Already the Central Bank is promoting a more active interest rate structure and the creation of a stock exchange to attract funds from what is a highly liquid economy.

The private sector, which will be responsible for investing the same amount as the public sector during the Plan, will have to mobilise total resources of JD498m. (\$1.6bn.). Of this, just under 15 per cent. is expected to come from foreign loans.

Thus it is all too obvious that the success in attracting these foreign funds will depend first upon the confidence that Jordan itself can generate abroad, and secondly upon the political stability of the region. Unfortunately for Jordan these two elements are more or less

inter-linked. That Jordan has managed so far to attract the necessary funds is a tribute to its determination and its unglamorous but sensible use of resources. But it has not always been easy.

This has made Jordan wary of placing too much reliance upon an exclusive Arab source of funds. Only recently this point was emphasised by King Hussein's visits to Australia, Japan, and latterly the U.S. and Canada. Widening the base of financial support helps to mitigate against the many unforeseeable obstacles that may occur in this highly volatile region.

Other assets include a work force with the technical and specialised commercial skills

calls Jordan's efforts "to aid that are essential to the process of attracting investment, a climate with a m eight months of f sunshine, adequate good medical ser extras as a won traffic jams an courtesy ques: to beat.

Good housing, able, though both and office space significantly m with the influx, Lebanese and of during the past

Both homes as become about to live to rent s typical three-er now fetch an s \$10,000, while i office setup wi where between \$20,000 to rent pending on the in the mead valley capital; the problem it States, though J a lack of first-cl The overwhelm tic of Amman small quiet place is the availability ary skilled pe business and so a pleasant clima of some 650,00 little nightlife a diversions for t tainment-minded town virtually 9 p.m.

Its constraint to become a re centre are, fir its limited at quickly and a influx of too i companies, and psychology as small-town plac the infrastruac cacophonous tr international co

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With the indr and sophisticat merce and inc continuing boos from the touri sectors, it is n Jordan first i domestic econo regional manu marketing force to this foundat regional statut national clout.

With much hysteria about Beirut having e is far more re mately more Amman as dynamic capital midable Jordn vague capital East.

R.G. Rami

Foreign aid

ONE OF the ironies, or acci- dents, of the Middle East finan- cial picture is that there are some countries with huge sur- pluses and others, with major budgetary problems, heavily dependent on external support.

Jordan—along with Egypt, Tunisia and the Yemen— falls into the latter category. Without foreign grants from the Arab countries and the U.S., Jordan would be a poor country indeed, incapable of carrying out a reasonable development pro- gramme.

In the past four years foreign grants and foreign borrowing have been responsible for under- pinning between 49 per cent and 55 per cent. of total revenues. Foreign grants covered 47 per cent. of total expenditure, or JD86.5m. (\$285m.) out of JD181.2m. (\$597m.) last year.

These figures speak for them- selves and one hardly need underline the extent to which Jordan is dependent upon the commitments of others. But perhaps to emphasise the dis- parity that exists in the Arab world last year's expenditure in Jordan was roughly one third of the income Kuwait derived from its investments abroad.

But the entire amount Jordan intends to disburse in its Five Year Plan (1976-80) of \$2.5bn. is under two months of Saudi surplus income.

Jordan has been able to attract this foreign assistance through its traditional alliances with Western countries, espe- cially the U.S., and through its being one of the frontline Arab States with Israel. The essential component in direct aid are the so-called Khartoum payments, agreed in 1967 by the richer Arab States in the wake of the 1967 war. Under this arrange- ment Saudi Arabia pledged an annual \$41m. and Kuwait \$39m.

Libya too agreed to chip in but suspended payments in 1970 and has not resumed since. Kuwait, which also suspended payments in 1970 as result of the civil war, renewed them in 1973.

Since 1971 direct Arab budget assistance has been worth \$570m., while U.S. budget sup- port during this period has been worth just under \$300m.

On the Arab side last year this support was divided as follows: Saudi Arabia \$99m.; Kuwait \$38m.; Abu Dhabi \$45m.; Qatar \$46m. and Iraq \$14m.

These funds have been given directly to iron out budgetary problems and have been treated as non-returnable grants. Not included are certain non-return- able funds handed over to pur- chase weapons, or in the case of Iran a seeming gift of the weapons themselves (F5s). In addition Jordan has also sought increasingly to obtain soft de-

velopment loans from within the Arab world, from the Euro- pean Community countries and from international institutions like the I.D.A. Last year these soft loans were equivalent to \$69m.

This inflow of funds has helped to resolve what would otherwise be a serious budget deficit problem and balance of payments difficulties. Last year the traditional budget deficit was even turned into a small surplus of \$23m.

Although most of these loans are soft, nevertheless over the years Jordan has accumulated a debt burden which it cannot afford to see increase very sub- stantially. At the end of 1975 total Government debt outstand- ing amounted to \$280m., while Government-guaranteed debt amounted to a further \$35m. External debt payments in the last quarter of 1975 totalled \$59m. on the principal and \$25m. in interest.

Even with the budget support heavy domestic borrowing in the Government in the form of bonds and treasury bills has been a major feature. In the past five years the Government has raised the equivalent of \$85m. in bonds and \$56m. in treasury bills.

The Government has made great strides in boosting in- ternal revenues to meet dinar expenditure. Since 1971 total domestic revenues have more than doubled to JD84m. (\$277m.), the early increases coming from customs duty and income-tax. But this increase has difficulty in keeping up with expenditure; and domestic revenues currently cover no more than 46 per cent. of both recurring and capital expendi- ture.

On the balance-of-payments side, the inflow of foreign funds plus travel receipts and remit- tances from Jordanians abroad has usually counterbalanced a chronic trade deficit, thus creating a small surplus. The trade gap has widened from \$256m. to \$530m. since 1972. But this has been offset both by transfer payments, now worth \$498m., and a big surge in remittances.

One side-effect of the Lebanese crisis has been the transfer to Amman of funds normally kept in or remitted to Beirut by Jordanians. The result is a doubling to over \$150m. in remittances passing through the banking system, the real amount is reckoned to be nearer \$300m. This, added to higher receipts under the travel account, helped to create \$110m. surplus last year. This surplus has in turn

helped to strengthen foreign reserves. Last month Jordan's total foreign reserves stood at the equivalent of \$636m. (over its determination and its seven months imports). How ever, this figure is that high thanks to \$118m. being paid into reserves by Saudi Arabia as a one-and-for-all payment footing the bill for a settlement between Jordan and Tapline over a long standing transit dues dispute. In fact, if this sum is subtracted (and it will be paid out over the year), reserves are virtually the same now as this time last year and the Central Bank expects them to drop lower as plan disbursements begin.

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Thus it is all too obvious that the success in attracting these foreign funds will depend first upon the confidence that Jordan itself can generate abroad, and secondly upon the political stability of the region. Unfortunately for Jordan these two elements are more or less



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JORDAN IV

Development Plan's modest aims

Jordan's Five-year Plan is a developing country and has laid out a sound base for proceeding with the much more substantial limited resources. Five-year Plan. The overriding consideration of the Plan is to boost production capacity and strengthen the public and private movement towards self-sustained growth. Within this overall context, the Plan hopes to raise per capita income, narrow the income gap, reduce the chronic trade deficit and make domestic public revenues so that they can cover recurrent expenditure and provide increasing proportions of public capital expenditure. The planners have plumped for a 12 per cent annual growth rate in GDP, raising GDP from JD290m. to JD508m. Though not high compared with some of its Arab neighbours, this represents a very sharp increase in GDP compared to the previous Plan—and indeed to the past 15 years. Emphasising the Kingdom's belief in free enterprise, the private sector is being called upon to play an equal role. Anticipated investment has been split JD362m. for the public sector and JD388m. for the private sector. Thus this should increase fixed investment to GDP from 32 per cent. to 36.4 per cent. Investment is expected to rise from last year's JD95m. to JD150m. in the first year of the plan, reaching a peak of JD181m. in 1977 and then falling 80 per cent. of the gradually declining. This reflects the large outlays in the first three years on a number of projects in the productive sector—good for any phosphate.

fertilisers, and expanding the refinery, fed by Saudi crude, will make Jordan self-sufficient in petroleum products as well as leaving a fair amount of surplus capacity—either against increasing future needs or for export. Last year's production was 760,000 tons. The potash project, considered for 10 years, is finally getting off the ground and will be an important addition to industrial production. Investment of JD24m. in phosphate production, however, underlines the key role that phosphates will continue to play. Despite a decline last year in exports due to world market conditions, phosphates are still responsible for 37 per cent of export earnings. Most Plan estimates are conservative, but the authorities hope that by 1980 phosphate exports will be earnings over \$300m. against last year's \$70m.

Mining

The main sector upon which the authorities are relying to generate growth is mining and manufacturing. By expanding phosphate production, petroleum products, cement and at the same time establishing new enterprises such as phosphate fertilisers and copper mining, the hope is to achieve a 26 per cent annual growth rate in this sector. Total allocations to this sector amount to JD229m.

Almost 75 per cent of this investment will be absorbed by five projects. The largest of these is a JD61m. scheme to produce chemical fertilisers from the phosphoric acid and fertilizer plant under construction at Aqaba. The scheme is being carried out by the Jordan Fertiliser Industry, established last year with a \$63m. capital subscribed by the Jordan Phosphate Mines Company, the Government, IFC, Abu Dhabi's development fund and the U.S. Agrico—the contractor. It is hoped that by 1980 the plant will be earning exports of nearly \$100m. The other four priorities are expanding the Zarqa refinery capacity to 3.6m. tons at a cost of JD59m., development of a potash plant on the Dead Sea, expanding phosphate production as one of the major pillars of the economy. Agriculture also has a high

priority. Investment has been raised steeply from the JD23m. devoted to agriculture and irrigation in the past three years to JD112m. in the new Plan. The lion's share is taken up by irrigation schemes, including the construction of the Maqarin Dam on the Yarmuk river—a project which has been long on the drawing boards. Construction of the Maqarin Dam and extending the East Ghor Canal will lay the basis for considerably improved agricultural output, which should increase by 7 per cent. per annum. In addition further efforts will be made to lessen dependence upon foodstuffs imports. In particular JD4.5m. will be spent on a dairy scheme (formerly the East Bank relied upon the West Bank for dairy products and recently has had to import them).

On the infrastructure side the principal expenditure is being devoted to improvements at Aqaba port and Amman airport. Aqaba was originally conceived as an export orientated port to handle phosphates. However, the opening of the Suez Canal, the troubles in Lebanon (Beirut handled 50 per cent. of Jordan imports) and the expansion of Jordan's own economy have put heavy pressure on Aqaba. It is now handling 75 ships a month, double the number of a year ago. It is also being used by Iraq for imports—as much as 600,000 tons this year. Given the expansion anticipated in there is such a shortage in the phosphates, plus fertiliser exports, major improvements have become necessary and a total of JD42m. will be spent on new berths, loading and rail facilities. To accommodate growing Jordan has to offer in an effort to offer an alternative feeder point to Beirut for the

Middle East. JD29m. is being invested in Amman airport. Elsewhere attention is being devoted to improving telecommunications and roads. What then are the main constraints on the fulfilment of this Plan? The principal one is probably manpower. Ironically Jordan has the necessary double the number of a year ago. It is also being used by Iraq for imports—as much as 600,000 tons this year. Given the expansion anticipated in there is such a shortage in the phosphates, plus fertiliser exports, major improvements have become necessary and a total of JD42m. will be spent on new berths, loading and rail facilities. To accommodate growing Jordan has to offer in an effort to offer an alternative feeder point to Beirut for the

Because approximately 45 per cent. of total investment will be raised through foreign loans there is inevitably a question-mark over just how successful Jordan will be in doing this. The Jordanians themselves are confident that they can obtain the necessary funds abroad and certainly their net has been spread wide. To involve prospective foreign partners and aid givers more closely, an international conference is to be held in Jordan in May to discuss the plan. This conference, it is hoped, will create the necessary atmosphere of international understanding for Jordan's problems and its development aims.

R.G.

FIVE-YEAR PLAN INVESTMENT (1976-80)		
	J.Dm.	Per cent.
economic sectors	580.4	75.8
mining/manufacturing ...	229.1	32.9
transportation	119.9	15.7
agriculture/irrigation ...	112.1	14.6
electricity	42.9	5.6
tourism/antiquities	24.4	3.2
communications	23.0	3.0
water	25.3	3.3
trade	3.8	0.5
all sectors	184.6	24.2
housing	86.0	11.3
municipal/rural affairs ...	36.8	5.1
education	34.6	4.6
health	9.0	1.2
labour/training	2.3	0.3
other	12.4	1.5
and B	765.0	100.0

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Phosphate wealth

A CURSORY look at Jordan's under the aegis of Filon Five Year Development Plan Corporation of the U.S., though makes it clear that the country's few people are pinning their economic strategy will continue to be based upon the twin pillars of mining and manufacturing. The Plan anticipates that the phosphate sector will absorb 30 per cent of total investment, with an anticipated growth rate of 220 per cent. over the five-year period 1976-80. Jordan's phosphate reserves are the country's big first stage of the scheme year), and phosphate rock reserves are estimated at 15m. tons. So far only 1.6m. tons have been extracted. During the sudden depression in the international fertilizer and phosphate market in the second part of last year, exports did dip significantly. But the drop in percentage terms was relatively smaller than that of other producers—Jordan's exports were 23 per cent. down, compared to 28 per cent. for Tunisia, 29 per cent. for Algeria and 30 per cent. for Morocco. Thus the record 1974 production of 1.67m. tons fell to 1.36m. tons.

Plans are underway to invest \$75m. over the next five years to bring production up to 7m. tons per year with a projected annual income of \$300m. by 1980. In 18 months' time production should reach the 5m. ton mark. By this time it is anticipated that a new joint venture fertilizer plant at Aqaba being built by the U.S. prospect. According to a top Government mining expert there are between 200,000 and 300,000 tons of uranium ore in Jordan. The U.K. Taylor Woodrow group has a \$4.5m. contract in hand to design, supply and install added phosphate rock beneficiation plants for the Jordan Phosphate Mines Company. Work is also underway to increase storage capacity at Aqaba port from the present 180,000 to 410,000 tons. Long time will be cut virtually in half by the installation of new high-speed West German loaders. Total port expansion work for this purpose will cost \$28m. The reopening of the Suez Canal has strengthened Jordan's position in relation to its important East European markets, which account for 45 per cent. of sales. South and East Asian countries take up 36 per cent. and West Europe about 17 per cent. The remainder goes to Taiwan and India, who are both becoming larger buyers. While phosphates will remain the key element in this sector, several other minerals loom as potential contributors to the nation's much needed funds. Oil exploration is going on

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TOTAL ASSETS	213.1	310.1	452.2	853.5

One Jordan Dinar = US\$ 3

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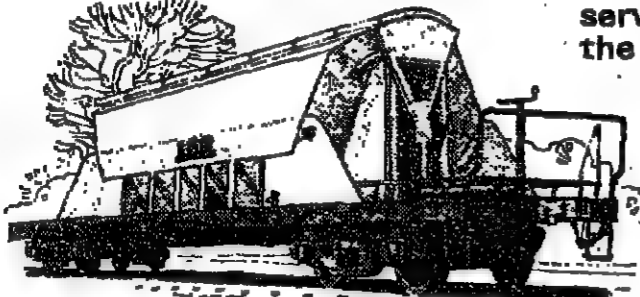
JORDAN V



A view of Amman: "A pleasant, robust, dependable, well-located city."

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has supplied to the Aqaba Railway Corporation for the Ministry of Transport, Royal Hashemite Kingdom of Jordan, a total of 140 phosphate hopper wagons for service between the mine at El Hassa and the port of Aqaba. These wagons are of the bottom side-discharge type, the operation of opening and closing discharge being either manual or by means of air motors. The gross laden weight of each wagon is 62 tonnes and the capacity is 42 tonnes. All the wagons were built at the Ashford Works of British Rail Engineering Limited.



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Tourist potential

FIGURES released this month have confirmed the on-going tourism boom in Jordan and now on the business has borne out the Government's decision to treat tourism as one of the country's four top "productive" sectors.

Ministry of Tourism and Antiquities returns show that 707,832 tourists came to Jordan in 1975, a big jump on the 555,000 of the previous year. The total is also something of a psychological and symbolic landmark as this is the first time that visitors to Jordan have outnumbered the 616,000 who came in 1966, when Jordan's growing tourism business was built on the strong attraction of Jerusalem, Bethlehem and the West Bank holy places.

Equally important to Jordan, the tourists of 1975 generated revenues of about \$70m., a sign to both the public and private sectors that the State's efforts to stimulate investment in tourism are likely to prove rewarding.

The healthy and expanding state of tourism in Jordan has come after two somewhat belated realisations—that the East Bank of the country has a rich enough combination of historic sites, good weather, sea spots and natural splendour to attract tourists on its own; and that continued Israeli occupation of the West Bank does not wipe out entirely the touristic pull of its many sites.

The boom in tourism has been no fluke, of course. It simply reflects the vast potential of Jordan's varied and rich attractions, including most notably the rock-cut, mountain-enclosed ancient Nabataean capital of Petra; the restored Graeco-Roman city of Jerash; year-round sun-sand-and-sea pleasures at Aqaba and the Dead Sea; a fine collection of easily accessible Crusader castles and predominantly Omayyad Arab desert fortresses, hunting lodges and castles that dot the length and breadth of the country; and some spectacular desert scenery topped by the moon-like natural extravaganza of Wadi Rum, also notable as the scene of many of Lawrence of Arabia's historic exploits.

Jordan moved to develop its East Bank tourist sites only after the loss of Jerusalem and the West Bank in 1967. The

overwhelming constraint then and now on the business has been a lack of adequate hotel accommodation. Frantic efforts are now underway to increase capacity, but it will be another two or three years before the combination of hotels, motels, tourist villages and Government rest homes reaches the point where Jordan could claim to be able to comfortably accommodate the 1m. tourists a year it expects to welcome by 1980.

If things keep going as they have during the past four years—during which the 275,000 visitors in 1972 became 707,000 in 1975—Jordan will likely attract much more than 1m. tourists by that date.

By then, the 2,500 beds in classified hotels in 1975 should be augmented to about 10,000. An added bit of pressure on the hotels has been the influx of Lebanese and foreigners from war-torn Lebanon—most of whom take up hotel space for anything from a week to several months—as well as the increase in business people, who are coming into Jordan at a much higher rate than ever before.

The State's response has been to encourage private investment in tourism, and it often steps in itself, either through the State airline Alla or the Jordan Hotels and Rest House Company, to take a varying minority or majority share in new ventures.

The 320-bed Holiday Inn that opened in Aqaba last month has helped things there, but there will likely remain strong pressure on hotel accommodation in Amman until the new 440-bed Holiday Inn and 300-bed Sheraton are completed within two years, and until the Jordan International and Grand Palace Hotels complete their expansion plans.

The State has also paved the way, with tax holidays and its investment incentive law, for a strong dose of foreign capital in the tourist accommodation business. Among the foreign companies planning or going

ahead with schemes are Holiday Inn, Sheraton, Novotel, Scitel, Meridien, Connaissance du Monde (tourist villages), Hyatt House and several Scandinavian companies.

A novel plan is being finalised whereby a Scandinavian firm would largely finance, build and manage a hotel project and, through a tour-operating affiliate, guarantee to fill up over half the hotel's capacity. The Tourism Ministry is keen to discuss such schemes where foreign interests include a marketing component in their undertaking.

Jordan has four basic attractions: archeological sites, thermal water spas, astounding desert tourism, and some marvellous sea-and-sand combinations at Aqaba and the Dead Sea for the hard-core hedonists.

The natural hospitality and courtesy of the Jordanian people, much sun, and a general easy-going atmosphere are the backdrop to the visitor's stay in the country.

Efforts are now keyed to develop a ten-kilometre stretch of beach tourist facilities at Aqaba, and to upgrade services and accommodations at the Dead Sea and the nearby Zarga Ma'in hot springs. The vast potential desert tourism is only beginning to be tapped.

Jordanian tourist offices and travel agents offer package tours that include three- or four-day trips to the West Bank as well as jaunts of varying length and intensity throughout the East Bank region. Jerusalem and the Holy places are the main magnets for Western tourists.

Alla ran a series of charter flights from the U.S. last year, and has been encouraged by the good responses to make the service available once again. Another twist in the international marketing strategy is to hook up with the Syrian tourism authorities and sell both countries as one unit.

The two-State airlines are already seeking to operate joint routes to North and South America, and the added step of offering comprehensive package tours is under consideration. This would be facilitated on the home front by long-standing but

yet to be implemented plans to run Aleppo-Damascus-Amman-Aqaba air routes. Plans to market Lebanon, Syria and private sector.

Jordan as a single touristic unit called "Mediterrania" have been shelved for the moment because of the Lebanese war.

Treasures

Alla in particular has an eye on what it calls the "ethnic market" of Arabs in the Americas who are interested in package tours and charter flights to the Middle East, as well as the big market of Christian tourists who can be offered the treasures of the Holy Land in the West Bank via a few days' vacation in Jordan.

While over 60 per cent of the 707,000 tourists of 1975 were Arab nationals—many of them Muslim pilgrims passing through Jordan en route to Saudi Arabia—there has been a sharp increase from 1974 in visitors from Europe and North America (up from 29,500 to 44,200, and from 21,000 to 31,900 respectively).

The 1976-1980 five-year development plan in Jordan envisages

One of the strains on capital may be a lack of hotel facilities. State's new training centre within a year by the reliance on ager personnel schemes.

The past ten years have proved to have a tremendous attraction and that it is yet to be taken care of. State's new training centre within a year by the reliance on ager personnel schemes.

Both interested potential visitors and planning will, however much the need grows, it is harmony with the country and good, probably the attraction of the

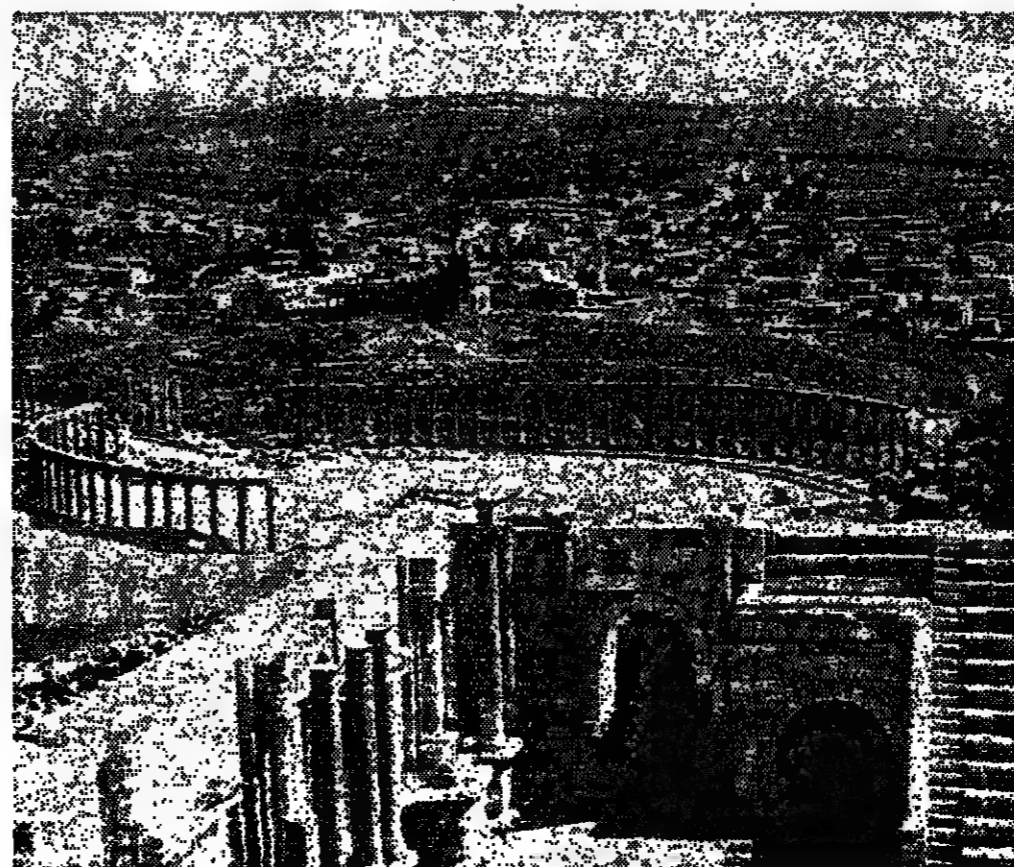
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The town of Jerash, with the Roman Forum in the foreground.

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Capital: 32,000,000 J.D., divided into 6,400,000 Shares.

Activities: Refining, Marketing, Transport and Storage.

Products: LPG, Gasoline, Kerosene, Aviation Diesel, Asphalt, Fuel Oil and White

Production Capacity: Approx. 3,000 TPD

Future Projects: During 1975 the third project for J.D. 58 million was a Industrial Export, Romania. When pleted in 1978, the capacity of production become 3.5 million tons per year number of employees more than 2,500

The main problem for all four, of course, is the steady rise in costs — those of Barclays have doubled in three years and are expected to rise by 20 per cent. in 1976. It would have been possible, and certainly more popular, to have passed the whole increase in costs on to business customers. But if it is small private accounts which cost the most to service, and at a time when even the nationalised

other clearers. Large business customers have always been able to take advantage of competition for business between the banks. Personal customers will now still be able to compare different tariffs between the banks and switch their accounts to the one they find most worthwhile. Unless they do so, in fact, they cannot fairly claim that competition for business between the Big Four is, so far as small personal accounts are concerned, ineffective.

Two of the ordnance factories are agency operations run by private enterprise. One in Scotland which specialises in propellents is managed by ICI's Nobel Explosives subsidiary and the other near the Welsh border by Wickman Wimet. Ironically (and do not forget the shell-substituting computer) the two agency factories can both claim Swedish links: Nobel Explosives' origins go back to a company owned by Alfred Nobel, deve-

Observer

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Observer



RUGBY PORTLAND CEMENT



“So we end 1975 with an all-time record profit; with a very strong Balance Sheet and ample liquidity; and with our expansion for the future going ahead.”

Sir Halford Reddish

The speech of the Chairman, Sir Halford Reddish, at the Annual General Meeting to be held on the 14th May 1976, which has been circulated with the Report, is as follows:

It is a pity that during the second half of 1974 we had that slight set-back in our Group profit, due mainly to the devaluation of the Australian dollar. But for that, 1975 would have been our 30th consecutive record year, topping the previous highest pre-tax profit of 1973 by some £370,000. So I am sure that you would wish me on behalf of the shareholders to extend to our partners, all who work in the Company, your warm congratulations on the success of their efforts. My annual message to them is as usual printed in the Report. [Reproduced below]

RECORD PROFIT

Our Group pre-tax profit for 1975 amounted to £11.3m, and that in a year of continual frustrations and difficulties of one sort and another. Costs continued to increase and although three price rises for the industry were allowed by the Price Commission during the year there is of necessity always a time lag.

But perhaps the most important event in this connection was the re-establishment of the industry's common price policy on the 3rd March. It was originally established in 1934 and has been twice blessed by the Restrictive Practices Court as being in the interests of the consumer. It went into abeyance in 1973 under the original Price Code, but associations of the main groups of consumers wanted it to be restored just as much as the cement makers. The Code was eventually amended to enable this to happen.

I have always maintained that the time to expand a business is not during a boom, but during a slump. And this is particularly so in the case of a capital-intensive industry such as cement manufacture where expansion of a works must of necessity take quite a considerable time.

EXPANSION CONTINUING

So our plans for expansion have gone on through this period of recession. The doubling of our South Ferraby works has been completed; and although production from the new plant has not yet been required it is ready for operation when it is needed.

Work on our Rochester expansion, and conversion from the wet to the semi-wet process, continues; we now confidently expect to receive detailed planning consent in the next few weeks. But it will be the Autumn of 1978 before the new plant is finished.

In Trinidad, where in spite of inflation and increasing costs no increase in the price of cement has been allowed by the Government for over seven years, with the exception of a small but quite inadequate one in January 1975, the results of our subsidiary, Trinidad Cement Ltd., for 1975 were only fractionally better. The reason for the Government's attitude is now clear. It is seeking to take over our Trinidad operation, but as negotiations are now in progress I can say no more at the present time.

In Australia there was considerable relief when the Whitlam Government was dismissed. The 1975 results of our subsidiary, Cockburn Cement Ltd., showed a substantial fall from those of 1974 as constructional work was increasingly restricted. The outlook is now undoubtedly brighter, but in my view it will take at least three years to get the country's economy back on its feet again. Nevertheless, we confidently expect better results from our subsidiary in 1976. My faith in the long-term future of Western Australia is undiminished.

THE CURRENT YEAR

Seventy-six per cent. of our Group turnover arose in the U.K. and accounted for approximately seventy-two per cent. of the Group's pre-tax profit. Earnings a share on the Ordinary shares were 7.7p in 1975 (against 7.5p in 1974) and on the Participating (n/v) shares 3.3p (against 3.0p).

The interim dividends on both the Parent Company's Ordinary and Participating (n/v) shares were raised by the maximum amount allowed under present legislation, and we propose that the final dividends should be similarly increased. This means a final of 1.473p on the Ordinary shares, making a total of 2.833p for the year, and of 1.542p on the Participating (n/v) shares, making a total of 2.412p.

So we end 1975 with an all-time record profit; with a very strong Balance Sheet and ample liquidity; and with our expansion for the future going ahead.

I turn now to the current year. With the necessary restriction of Government expenditure to combat inflation and the effect that this is having, and will have for some time to come, on the constructional industries, it will be surprising if there is not a further modest fall in the U.K. demand for cement in 1976. On the other hand, it now seems to be recognised, even in present Government circles, that free enterprise industries must be allowed to make profits and that those profits are really almost the only source of an increase in the national wealth. So I am not unduly pessimistic about our results for 1976.

MORAL DECAY

I have held for some years the view that our difficulties in this country are more moral than economic and that we have got to get back to the old ethical standards if we are to avoid economic collapse. Yet alarming instances of our departure from the old morality continue to multiply.

For example: under the Remuneration, Charges and Grants Act 1975 an employer is encouraged — by grant of immunity from the legal consequences — to break a contract with an employee relating to remuneration in so far as implementation of that contract would be outside the counter-inflation policy document laid before Parliament in July 1975. If sanctity of contract is not upheld in the highest quarters then sooner or later the whole fabric of our civilisation must fall apart.

And listen to this. An employee of a public body was charged with the theft of money from a club bar where he helped out in his spare time. He informed his superior what had happened and his employment was later terminated. The Industrial Tribunal (Chairman, R. H. Boyers) dismissed his complaint of unfair dismissal, saying — apparently in support of its decision — that the employee had been given an opportunity to apply for another position with the Council where the quality of honesty would not be an important consideration. Yes, this was in England in 1975!

When hospital staffs in breach of their agreements decline to give service to patients things have come to a pretty pass.

These are but examples of the moral decay which is penetrating almost all sides of our national life.

When support for the closed shop can be found in all political parties it almost seems as if the inhabitants of what was once Great Britain are apathetically content to see their

business owned by one family until the present Company was registered as a private company in 1925. I was asked to join the Board in 1929.

When I took over the management on the death of the then General Manager in January 1933 we had the open-cast works near Rugby, with an annual output capacity of only 30,000 tons of cement. At that time the industry in the U.K. consisted of quite a large number of comparatively small works and Rugby was amongst the smallest. The industry was going through a very bad time, with almost all the works shut down in the Winter as was the practice in those days, and naturally almost all the work-force was laid off. We got our works going again in the Spring and we struggled through 1933 to end with a profit of about £1,500.

The Company was converted into a public company in 1935. Now we have seven cement works in the U.K., with chalk quarries in Bedfordshire, and two works overseas.

THE HARVARD CASE-STUDY

In 1958 two professors of the famous business school at Harvard University did a case-study of our Company and of our philosophy of management. The study is still being used at Harvard and at many other universities throughout the United States and other countries in the English-speaking world, and in a business school in Switzerland where the year's course is conducted in English.

In 1963 we received the first authorisation to be issued under the Pipe-lines Act 1962, which enabled us to pump a chalk slurry from our quarry near Dunstable 57 miles to our two works in Warrickschire, thus cutting their costs of production. Representatives of many cement companies in different parts of the world have come to study the operation.

achievements, and their joy in having a part in those achievements.

As far as Rugby Cement is concerned, I can see it — and I hope you take my word for it. I think I can claim that throughout these 40-odd years we have been a happy Company, proud of our steady growth. I sincerely hope that it may continue that way in the years to come.

I conclude by expressing my gratitude for the confidence and support which I have received from our shareholders for so many years.

The following is the Chairman's message to his fellow-workers referred to above:

But for the slight set-back in the second half of 1974, due mainly to the devaluation of the Australian dollar, 1975 would have been our 30th consecutive record year. In other words, it has produced our all-time record profit, of which we can all be proud.

Our partners, the shareholders, have provided us with another £3,701,689 additional capital in the form of undistributed profits from our 1975 operations.

The increase in both the Ordinary and Participating (n/v) dividends is the maximum which we are allowed to distribute. The dividend on the Ordinary shares will of course be reflected in the profit-sharing bonus, while the increase in the Participating (n/v) shares will be generally welcomed.

A COMING CHANGE

As you will have seen in my speech to the shareholders, the coming Annual General Meeting will be the last over which I shall preside as Chairman.

It is now over 43 years since I took charge of the day to day operations of the Company, which in those days consisted of one small works at Rugby. I had hoped that I would be the "oldest inhabitant" before I retired, but three old friends, Jackie Horn, Charlie Flavell and Sid Sutton were there in 1933 and they are still there. They, I am sure, will remember that in those far-off days it was the practice for most of the cement works in the U.K. to shut down for a number of weeks in the Winter, and at that time the industry was going through a very difficult period; and my three colleagues will also remember that when we got the works going again in the early part of 1933 I said that in future everyone would have a full year's work, that there would be no lay-offs. Now we have seven cement plants in this country and our quarries in Bedfordshire, and from that day to this not one man has been laid-off.

LOYALTY

I have always maintained that loyalty should be a two-way traffic. I have done my best to be loyal to each of you; and it is a matter of great happiness to me that I have enjoyed the loyalty of my fellow-employees throughout these 43 years.

Here are a few lines which have given me some help from time to time in my long life. In these difficult days for our country they surely have a message which should appeal to every one of us. (The author is unknown.)

When your world's about to fall
And your back's against the wall,
When you're facing wild retreat and utter rout;
When it seems that naught can stop it,
All your plans and plans can't stop it,
Get a grip upon yourself and — stick it out!
Any craven fool can quit,
But a man with pluck and grit
Will hold until the very final shout;
In the snarling teeth of sorrow
He will laugh and say: "Tomorrow
The luck will change. . . I guess,
I'll stick it out."

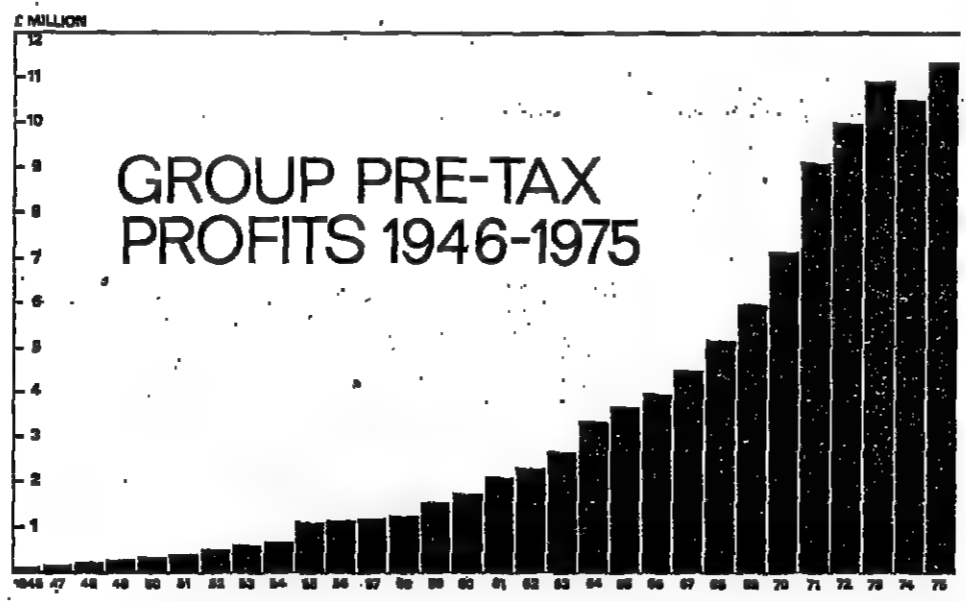
So you, when things go wrong,
And you think you can't last long,
That you've got to quit now wait the final bout;
Smile, smile at your beholders,
Clench your teeth and square your shoulders,
And fight! You'll win if you will but stick it out.

A FINE TEAM

I am proud to have been the leader for so long of a very fine team. To my mind, leadership is mainly a question of example and we have tried to instil this principle throughout the entire Company from top to bottom. After all, in a very real sense the leader is the servant of the led and it is in that belief that I have regarded my relationship to all of you throughout the years you have been working with me.

So this is my last annual message. I do not disguise the fact that when I hand over the Chairmanship of our Company later (in the year it will be a great wrench, but of course it had to come some day. I can but hope that those who follow after me will continue what I am bold enough to call the Rugby tradition. We have been a happy as well as a successful Company.

From the bottom of my heart I am grateful for the support and loyalty that I have enjoyed through all these years. May you and Rugby Cement go on from strength to strength.



liberties steadily eroded. We have recently seen newspaper composers refusing to set an article of which they disapproved. If the freedom of the press goes it can be but a small step to a totalitarian state and the complete loss of such liberties as are still left to us.

CALL TO LEADERSHIP

This rapidly deteriorating state of affairs is indeed a call to leadership, remembering that this old country, in Ruskin's ringing phrase, is "rich in an inheritance of honour bequeathed to us through a thousand years of noble history".

In words which I borrow from the other side of the Atlantic, we in industry must work for "a union not of parchment but of men's hearts and minds".

We must at all levels have a true understanding of the meaning and dignity of work; an impulse of urgency and initiative and adventure in our industries; and amongst the leaders in all walks of life a recognition of the fact that to lead is not a privilege but an honour and a trust. Only then shall we have in our industrial and social life that love of the job, that pride in achievement, that sense of personal fulfilment, that faith in ourselves and our future, which will bring to this old country the abiding progress and prosperity which even today are still within our reach.

This is the last Annual General Meeting at which I shall preside as Chairman, for I feel that the time is approaching when I should hand over the Chairmanship of our Company. I therefore intend before long to announce a date for my retirement effective not later than the end of the year; but I have been asked to continue a close connection with the Company in an advisory capacity.

A BACKWARD GLANCE

In these circumstances perhaps I may be forgiven if I cast a brief nostalgic look over the more than 43 years during which I have been responsible for the management and the day to day running of the Company.

You may be interested to know that the original business out of which our Group has grown began in 1825. Much of its early history is lost in the mists of antiquity, but it was a private

It was in 1946 that we began our long run of record profits which has continued to date, subject only to the slight set-back in the second half of 1974.

We hear a lot these days about works councils, profit-sharing and employee-shareholding. In each of our works we have had for 43 years an elected works committee which meets regularly each month with a senior official from Head Office being present, thus forming a continuous line of two-way communication throughout the organisation.

For 41 years we have had a profit-sharing scheme linked to the Ordinary dividend and for 22 years a unique employee-shareholding scheme, both emphasising the partnership which exists between the shareholders and the employees.

Some people seem to think that I advocate such schemes as a means of promoting goodwill, of building up confidence, as a panacea for all our industrial ills. Nothing could be further from the truth.

HUMAN RELATIONS

Such schemes will succeed only if they are built on a firm foundation of confidence and goodwill. That must come first. I am quite sure that goodwill, loyalty, esprit-de-corps, cannot be bought for cash: they are a by-product of good human relations.

We in Rugby Cement have never thought in terms of "industrial" relations, nor of "labour" relations. We prefer human relations — a recognition of the essential human dignity of the individual.

For, after all, the efficiency, the good name, the prestige, the progress, of any business depend in the final analysis, not on the magnificence of its plant, not on the splendour of its offices, but on the spirit of the men and women, the human beings, who are working together in that business and whose lives are bound up with its success.

The most valuable asset in any company's balance sheet is one written in invisible ink. If you could see it, it would read something like this:

"The loyalty, the efficiency, the capacity for work of all employed in the company, their pride in the job and in the company's

MINING NEWS

Mary Kathle share dispute

BY KENNETH MARSTON, MINING EDITOR

AUSTRALIA'S Kathleen Investments has started legal proceedings against the Government-owned Australian Atomic Energy Commission disputing its right to own shares in the uranium-producing Mary Kathleen Uranium. Reports our Sydney correspondent. At present, MKU is 51 per cent. controlled by Rio Tinto-Zinc's Australian offshoot Combe Rio-Tinto of Australia and 42 per cent. by the AAEC.

Kathleen Investments held a 35 per cent. interest in MKU until late-1974 when the company made a \$17m. rights issue to raise funds to bring its Mary Kathleen uranium mine back into production. At the time the share market would not support the issue largely because of investor uncertainty caused by a Government ban on uranium companies negotiating export contracts.

Kathleen had already obtained approval to export 4,743 tonnes of uranium oxide when the former Whitlam Labor Government came to office late in 1972 but was blocked from writing contracts for its remaining reserves of 2,000 tonnes. The company had at that stage apparently arranged loan funds to re-open the mine but the lenders withdrew after the export ban. The Government refused to allow CIRA to underwrite the issue and decided instead that the AAEC would be the underwriter.

Kathleen Investments was unable to find the \$5.5m. needed to take up its entitlement. The result was that the AAEC picked up the shortfall and ended up with a 52 per cent. stake in MKU while Kathleen Investments' interest dropped to 2.7 per cent.

When the Liberal National Country party came to office in December it was announced the AAEC holdings would be sold back to Australian hands. Kathleen Investments apparently suggested the shares should be sold back to it at issue price, plus interest. In the intervening period, however, the price of the shares has risen and the Government would stand to make a profit of about \$12m. if it could sell the holding at around market levels.

Apparently failing to receive a satisfactory response, Kathleen Investments has now served a writ on the AAEC and is joining MKU as a co-defendant. The company wants a High Court hearing to have the shares issued to the AAEC declared invalid because it claims the commission is not legally empowered to hold shares.

Iron ore increases

NEGOTIATIONS between the Japanese steel companies and Australia's iron ore industry have resulted in a 20 per cent. increase in the price of iron ore contracts for the first half of 1976. The arrangement was announced by Hamersley Iron, which is the largest of the three iron ore companies in Australia. The price of iron ore contracts for the first half of 1976 is now \$15.80 per tonne, up from \$13.20 in the first half of 1975. The price of iron ore contracts for the second half of 1975 was \$14.80 per tonne. The price of iron ore contracts for the first half of 1976 is now \$15.80 per tonne, up from \$13.20 in the first half of 1975. The price of iron ore contracts for the second half of 1975 was \$14.80 per tonne.

W. RAND CONS. IN NUCLEAR AGE

Once a leading South African producer of uranium, the veteran West Rand Consolidated resumed uranium operations last quarter after a year's pause and is expected to attain a full production of 70,000 tons of the ore a month in the current quarter.

Yesterday's Johannesburg meeting was cheered by the chairman's comment that the company should have additional uranium for sale at the now buoyant market prices. He added that this year's commitments can be met from stockpiles but it is in future years that the company will have to cope with commitments thereafter.

First quarter Canada's Cominco 48 cents (\$3.46) 12.37 for the year to date, mainly due to a 2.3m. tons of ore are currently available. But development is planned to expose additional uranium reserves of about 2m. tons grading 6.2 grams gold per ton and 1.3m. tonnes at 7.8 grams. The shares advanced 8p further to 190p yesterday, having risen 46p last week.

URANIUM SEARCH

The Quebec Government's Hydro-Quebec power agency together with the Sequoia exploration arm of Oak Ridge Canada has started legal proceedings against the Government-owned Australian Atomic Energy Commission disputing its right to own shares in the uranium-producing Mary Kathleen Uranium. Reports our Sydney correspondent. At present, MKU is 51 per cent. controlled by Rio Tinto-Zinc's Australian offshoot Combe Rio-Tinto of Australia and 42 per cent. by the AAEC.

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BIDS AND DEALS

Hutchison offer for First Finsbury

John D. Hutchison (U.K.), a subsidiary of Hutchison International, the Hong Kong finance and trading group, is to acquire First Finsbury, a London-based property investment company, for £1.5m. The offer is subject to a cash consideration of £1.5m. or 33p per share. FET's preliminary results for 1975 show pre-tax profits of £569,000 (£869,000) on a turnover down from £11,25m. to £10,96m. The profits have been struck after property provisions of £206,000.

Although sales of subsidiaries engaged in importing consumer goods and leather products increased compared with the previous year, in total they achieved lower net profits. The leather and textile merchandising subsidiaries suffered a significant reduction in turnover and net profit compared with 1974.

Sales for the first three months of 1976 have shown an improvement. However, the further reduction in the value of sterling has inevitably had an adverse effect on profit margins.

SCOTTISH TRUSTS MERGER TERMS

It is anticipated that meetings with Scottish of the holders of each class of share and loan capital of the Scottish Investment Trusts will be held on June 24 to the other three approve the necessary resolutions in respect of the merger. In the SWW for every report on the merger terms of Ballantyne-John was inadvertently given as April 24.

ASSOCIATES DEALS

The sale of Loughold and new shares since the bid for Loughold investments on March 3—totaling 146,285 shares at prices between 56p and 104p are announced. The sales were made between March 18 and April 15 and were all on behalf of "Slater-Walker account" client.

Sales of Loughold shares, totalling assets of Ballantyne

H. BALLA

Formal documents of the offer of Woodlens offer share and loan capital of the cent Preference Scottish Investment Trusts sent out. The will be held on June 24 to the other three approve the necessary resolutions in respect of the merger. In the SWW for every report on the merger terms of Ballantyne-John was inadvertently given as April 24.

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THE RUGBY PORTLAND CEMENT COMPANY LTD.
CROWN HOUSE, RUGBY

Linread LIMITED

INTERIM REPORT - HALF YEAR TO JANUARY 1976

- Group Trading Profit and Income, before depreciation and interest, fell sharply by comparison with both halves of the year to July, 1975.
- Severe set-back in demand by U.K. customers of Commercial Products Division in consumer durable and motor vehicle industries. Heavy starting-up costs incurred in large expansion project at Petaree.
- Aircraft Products Division, Engineering Division, Linread-Fabco Ltd. and all overseas operations traded profitably.
- Group Trading Profit and Income, before depreciation and interest, could reach £725,000 for the year providing consumer durable expenditure is stimulated, as expected in the period March to July, 1976 by V.A.T. reductions in the U.K. and other influences in Australia and Canada. This would produce a break-even result at the earnings level.

SUMMARY OF RESULTS (£'000)	JAN. 1976	JAN. 1975
External Sales	4,695	4,353
Trading Profit and Unfranked Income	111	445
Profit (Loss) before tax and Extraordinary Items	(227)	196
Attributable earnings (Losses)	(92)	108
Basic earnings per share (5,354,021 Shares)	(1.72p)	2.02p

Manufacturers of
Specialised fastener systems for the aerospace, consumer durable,
automotive and building industries
BIRMINGHAM - ENGLAND

Chancellor details stock relief measures

IN HIS Budget, Mr. Denis Healey proposed a continuation of the past relief equal to the amount of the decrease. The value of stock in trade and work in progress, in the Finance Bill, published last week, the proposals concerning tax relief show that it is to be available for all businesses, whether carried on by companies, partnerships or sole traders. The amount of the relief for each period of account will be the amount of the increase in the value of stock in trade over that period, less 15 per cent of trading income, after deduction of capital allowances, for that same period.

The main differences between this further relief and the provisions which it follows are:

- a the profits restriction is 15 per cent of trading income after deduction of capital allowances, instead of 10 per cent before;
- b the relief is calculated for each period of account separately—that is, by reference only to the circumstances of that period;
- c the relief is to be given by means of a deduction from profits, instead of (as in the previous two years) a deemed reduction in closing stock values.

The relief remains a deferral of tax, and not a permanent reduction in liability. Should stock value decrease in any period, an adjustment is to be made to the tax profits or losses

(£40,000). (There is, of course, no recovery of past relief, since a recovery of relief occurs only when stock values fall during a period.)

3 The book values of a company's stocks since 1973 have moved as follows:

Book value of stock Dec. 31 1973	£200,000
" " " 1974	£180,000
" " " 1975	£170,000
" " " 1976	£190,000

The company's trading profits after capital allowances for the year to December 31, 1975 are £50,000.

Under the provisions of Section 15 Finance Act 1975 and Schedule 10 Finance (No. 2) Act 1975, the company was not entitled to claim stock relief for the years to December 31, 1974 and December 31, 1975 since the value of its stock fell in those years. However, for the year to December 31, 1976 there was an increase in stock value of £20,000 (£190,000 less £170,000), and the company is therefore entitled for relief of £20,000 less 15 per cent of £50,000 (i.e. £7,500) = £12,500.

4 The company has claimed stock relief under Schedule 10 Finance (No. 2) Act 1975, amounting to £80,000. However, during the year to December 31, 1975 the book value of its stock fell from £200,000 to £180,000. £10,000 of the relief previously granted is treated as a trading receipt. There remains unrecovered past relief of £70,000.

COMPANY NOTICES

GOLD FIELDS GROUP

WATERVAL (NORTHERN) LTD.
PLATINUM MINING COMPANY LIMITED
(Incorporated in the Republic of South Africa)
DECLARATION OF DIVIDEND No. 49
EQUVALENT
In accordance with the Standard Conditions relating to the payment of Dividend No. 49 declared on 20 March 1976 pursuant to the order of the United Kingdom Registrar will be made in United Kingdom currency at the rate of exchange of 1:1.155 South African currency to 1 United Kingdom currency, the following sum available for distribution to shareholders between the Republic of South Africa and the United Kingdom on 20 April 1976 as agreed by the Company's South African Board.

The United Kingdom currency equivalent of Dividend No. 49 is 2.50 pence per share at shareholders' 1.5125 pence per share.

By Order of the Board,
C. E. WENNER,
Joint London Secretaries.

London Office:
248 Moorgate,
London EC2A 4EG.
United Kingdom Registrar:
Lloyd's Bank Limited,
Registars Department,
25 Abchurch Lane,
London EC4N 3DF.
West Sussex, BN1 5GA.
20 April 1976.

DE BEERS CONSOLIDATED MINES

DECLARATION OF DIVIDEND No. 112
Further to the dividend notice issued in the Press on 10th March 1976, the conversion rate applicable to shareholders in the United Kingdom in respect of the above-mentioned dividend is £1 = 1.155 South African currency to 1 United Kingdom currency.

The effective rate of South African Rand to United Kingdom Sterling is 1:1.155.

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
D. H. J. PATTERSON,
Joint London Secretaries.

London Office:
248 Moorgate,
London EC2A 4EG.
Office of the United Kingdom Registrar:
Lloyd's Bank Limited,
Registars Department,
25 Abchurch Lane,
London EC4N 3DF.
20 April 1976.

ANGLO AMERICAN

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London EC4N 3DF.
20 April 1976.

RESIDENTIAL PROPERTY

Knight Frank & Co.
20 Hanover Square London
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Extensive modern and traditional fa
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6 Lots at a later date
(unless sold previously)

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London EC2R 7JP. (Tel: 01-
Auctioneers: KNIGHT FRANK & RUTLEY
London Office (Tel: 01-629 8171)

GIBBONS DUDLEY Limited

Refractories, Building Products, Engineering, Industrial Estates

1975 Profits increased by 46%

SUMMARY OF RESULTS	1975	1974
Sales	£28,596	£22,474
Profits	£2,541	£1,741
Dividends per share	3.65p	2.88p
Earnings per share	9.56p	6.16p
Assets per share	159.94p	147.33p

In his annual statement, the Chairman, Mr. Roger D. Turner reported that all divisions except Refractories had shown significant increases in profits in 1975, and that profits for 1976 were expected to be over £3m. The strong liquid position of the Group was enabling a £4.5m expansion programme to be financed from existing facilities.

The Annual General Meeting will be held on 13th May in Birmingham.
Copies of the Report and Accounts may be obtained from the Secretary at
P.O. Box 19, Dudley, West Midlands DY3 2AQ.

Conference on North Sea oil

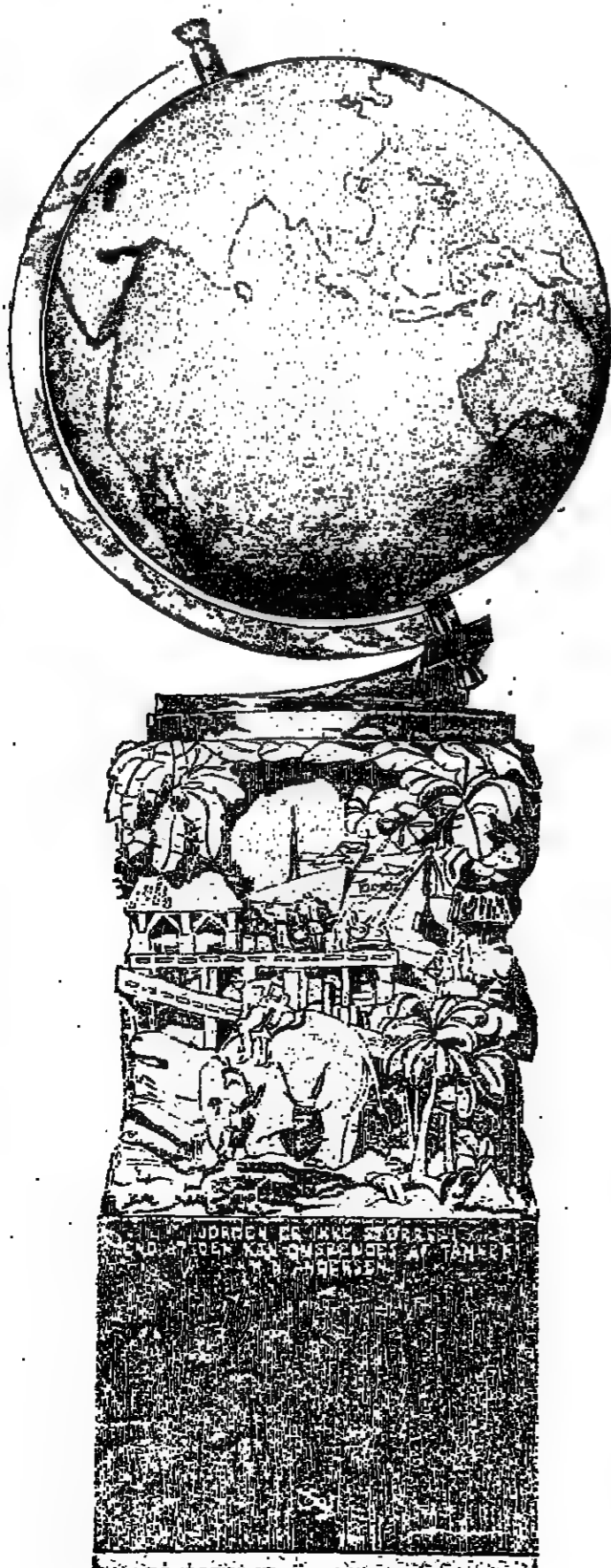
DEVELOPERS and operators in the North Sea oil and gas industries will be meeting in Oslo on May 3 and 4.

The North Sea in 1976 Conference, under the chairmanship of Mr. Sivert Nielsen, director, Bergens Privatbank, and Mr. Joseph Grimond, Liberal MP for Orkney and Shetland, will be concerned with the production and security of offshore facilities, the choice between concrete and steel platforms and the search for new rig business by offshore contractors.

Among the speakers will be Mr. B. Gjerd, Norwegian Minister of Industry, Sir Jack Rampton, Permanent Under-Secretary, Department of Energy, Mr. M. H. Barber, manager, Joint Interests Division, Conoco North Sea, and Mr. John Biffen, Opposition spokesman on energy.

The conference is being arranged by the Financial Times, together with the Norwegian Journal of Commerce and Shipping, Svenska Dagbladet, Berlingske Tidende, and Helsingin Sanomat.

A. Grantham Ltd.,
are proud to have
conferred upon them
**The Queen's Award
to Industry for
Export Achievement
1976.**



The East Asiatic Company Limited, Copenhagen

Annual Report 1975

Already in the Company's Annual Report for 1974, we felt it appropriate to express the opinion that the prevailing unfavourable world trade conditions might well prove to be of longer duration than anticipated in some quarters.

Although there are signs that the turning point has been reached, it is too early to predict when a real improvement will manifest itself generally. In our own country this will depend on the extent to which it is possible to contain the present reduced tempo of inflation, a prerequisite for restoration of our competitiveness, after a number of years of excessive cost increases.

The results for the year have been influenced by adverse freight market conditions, and by reduced earnings of some of our industrial undertakings, the latter of which is clearly reflected in the Group results; however, as a whole the overall results must in the circumstances be considered satisfactory.

The Group turnover was kr 16,100 mill. compared with kr 18,800 mill. in 1974; the decrease is attributable mainly to the lower price level for raw materials.

After allocation of kr 75 mill. to the special contingency fund, which was established last year with a provision of kr 100 mill., the net result for 1975 of the Parent Company is a profit of kr 91.1 mill. compared with kr 102.9 mill. in 1974. The result is arrived at after deduction of depreciation on ships, buildings, etc. amounting to kr 65.9 mill. and company taxation of kr 39.7 mill.

With the addition of kr 15 mill. brought forward from the previous year, the amount at disposal totals kr 106.1 mill. which it is proposed to appropriate in accordance with the profit and loss statement including distribution to shareholders of a dividend of 12 %, equivalent to kr 60 mill.

Due to continuing legislation on dividend ceilings it is still not possible to distribute to the shareholders the kr 10 mill., representing the unpaid additional dividend of 2 %, for which provision was made in 1973.

Copies of the full Report are available on request.

GROUP PROFIT AND LOSS ACCOUNT FOR 1975

	1975 (1,000 kr)
Turnover	18,101,280
External turnover	12,548,006
Internal turnover	3,553,274
	16,101,280
Result of Activities	
Turnover and result of activities derive from:	External turnover
Shipping	1,311,899
Trade	5,241,811
Industry	5,344,058
Forest and plantation industry	594,461
Miscellaneous income	55,777
	12,548,006
	1,025,425
Dividend on investments outside the Group	16,848
Administration expenses	1,042,273
	328,133
Profit before Depreciation	714,140
Depreciation on fixed assets	223,641
Profit before Financing Expenses	490,499
Financing expenses	205,534
	284,965
Extraordinary income and expenses	29,449
Profit before Taxation	314,414
Corporation tax	161,356
Group Result for the Year	153,058
Minority shareholders' share in the results of subsidiary companies	46,857
The East Asiatic Company, Limited's share in the Group Result	106,401

(Before allocation to the Parent Company's special contingency fund: 1975: D.kr 75 million 1974: D.kr 100 million)

Head Office: 2, Holbergsgade, DK-1099 Copenhagen K, Denmark

HOME CONTRACTS

Leyland Group's £2m. orders

LEYLAND SPECIAL PRODUCTS GROUP companies have received orders totalling more than £2m. lines and de-seaming stations at Aveling-Barford has won contracts worth over £1,350,000 from Sir Alfred McAlpine and Sons for 14 roadmaking and earthmoving machines, almost half of which are dumptrucks for use on the CEG's pumped storage power station at Dinorwic, in Snowdonia. The remainder of this contract covers 14 Centaur dumptrucks for McAlpine quarry operations in South Wales, plus 11 motor graders and road rollers for use on various other work, including the western extension to the M62 motorway. Coventry Climax has been awarded an order worth £750,000 for 100 fork-lift trucks from the Harvey Plant Group, which also includes an option on a further 50 trucks.

GEC ELECTRICAL PROJECTS has received from Redpath Dorman Long (Contracting) a contract worth more than £300,000 for electrical drives and control equipment for new inspection.

ROCLA PIPES, Milton Keynes, has been awarded an order worth £450,000 to supply reinforced and prestressed concrete pipes for the London Borough of Newham for use in its Beckton surface water sewerage scheme.

EAK, a Plessey Company, is supplying a further three radio stations for Total pipe laying barges operating in the North Sea. The contract—now worth over £400,000—brings the total number of stations supplied to nine.

N. G. BAILEY & CO., Sheffield, has won orders totalling almost £350,000. They involve complete electrical installation, and one of them worth about £125,000, concerns a coal preparation plant at

Thurcroft Colliery, South Yorkshire. Other contracts relate to a new Littlewoods store at Bedford, a College of Art at Rotherham, Phase 2 of the Skegness Pier development scheme, and the new Woodhouse Mill sewage works at Sheffield.

BURROUGHS has received an order worth about £300,000 from Midland Bank for 2,000 electronic printing calculators. The machines are to be installed in the bank's branches and head office departments and will be used primarily for "remittance operation"—a system involving the adding of credits and debits by batches for proving the day's work.

CLARKE CHAPMAN, Derby has won a £300,000 contract under which a chrome oxide washing plant is to be installed at British Chrome and Chemicals chrome manufacturing complex at Eaglescliffe, Co. Durham.

Clachan wins £2m. BSC work

CLACHAN EXCAVATIONS AND CONSTRUCTION, Paisley, has been awarded a £2m. contract by the British Steel Corporation for site preparation work at Hunterston (Ayrshire) to prepare the way for construction of an UK's first two direct reduction plants. Work involves reclamation and levelling on a 35 acre site adjoining the stockyard now being constructed as part of the Corporation's ore and coal terminal project. An embankment will also be formed for a railway line linking the direct reduction plants with the main line system.

PLESSEY AEROSPACE has received an order worth over £300,000 for a range of equipment for the Hawker Siddeley Sea Harrier FRS Mk. 1. It covers water injection pumps, air filters, gear boxes, auxiliary gear boxes, fuel booster pumps, pressure regulating valves and air-motor servo units.

Henry Boot's £2.4m. work

HENRY BOOT CONSTRUCTION, Sheffield, has won a £1.7m. contract for 197 dwellings to be built at Mansfield Road, Swallowwell, for Rotherham Borough Council, which has also awarded the company an order worth £400,000 for construction of an observation and assessment centre at Kimberworth Park, Rotherham. Henry Boot has also received a contract worth £235,000 from the Cor. Salford University, on which work has already started, to construct an engineering services and works building.

GEC TELECOMMUNICATIONS has been awarded a contract worth about £300,000 by the Department of the Environment for the first stage of a new co-ordinated motorway communications network. The system will provide bi-directional transmission circuits for the control of motorway signals, telephones, and other devices by remote computer.

WARREN POINT, Welwyn, Herts., has won a contract worth about £150,000 from British Gas for the design and development of a complete ruggedised data acquisition and high-speed data processing system.

KING-WILKINSON, a U.K. affiliate of King-Wilkinson Offshore, Inc., has been awarded a contract to manage the offshore installation of Occidental of Scotland's Claymore facilities.

NCR has received orders from the Post Office for 15 Century 3200 computers and 80 NCR 798-101 visual display terminals to process payrolls for Post Office workers in the London area.

growth, controlled costs, ved resources were ms for 1975

Objectives achieved

R.H.C. Herron, Chairman of Granger Society at the 114th Annual General

ts increased by £5,293,474 751,784.

ves increased by £203,291 to 244. Now 3.72% of Total Assets

idity amounted to £10,079,301 anting 24.7% of Total Assets

24,600 was advanced on during

ar

Granger Building Society

The Building Society Association for investments by Trustees

of 100,000, Newcastle upon Tyne NE1 6TE

Box 51/55 Weymouth Street, WIN 5LE Tel. 01-935 8069

BARTON & SONS LTD

1975 A RECORD YEAR

	1975 £'000s	1974 £'000s
les	30,198	26,177
fits	2,965	2,835
nings per share	9.79p	9.37p
idend per share	2.6605p	2.4931p

IOSPECTS
eems that 1976 profits could reasonably satisfactory with the ond half making the greater tribution.

l accounts from:
Secretary, Marriott Road,
day, West Midlands, DY2 0LA.

TER-INFLATION ACT 1973

have given consent to the declaration by the following of dividends of the total amounts specified for the rs ending on the specified dates:

	London, SW1	£3,939,052	31.176
Metals Group Ltd.	London, W1	£336,722	31.1275
nd and Building	Dorking	£181,800	31.1275
	Hull	£33,508	31.176
Garages Ltd.	Manchester	£44,308	31.1275
ers Corp. Ltd.	Harlow	£420,443	31.1275
ster Ltd.	London, W1	£442,320	31.1275
lorton & Sons Ltd.	Kilmarnock	£100,000	30.676
Group Ltd.	London, SW1	£41,539	31.1275
chews Ltd.	Norwich	£462,000	28.1275
oup Ltd.	Glasgow	£1,417,957	2.176
tations Ltd.	London, EC3	£292,710	31.376
Engineering Group	Lewes	£410,678	31.1275
	Cowley	£12,308	31.176
d Co. Ltd.	London, WC2	£1,165,243	31.1275
als International	Iver	£154,616	31.1275
Engineering Ltd.	Cheltenham	£718,475	31.1275
n Ltd.	Oldham	£18,256	31.1275
	Doncaster	£4,187,988	31.1275
on Ltd.	Leicester	£687,380	31.1275
roup Ltd.	Tamworth	£102,692	31.1275
k Group Ltd.	Manchester	£54,860	31.1275
g Rubber Ltd.	Sevensoaks	£28,444	30.975
	Windsor	£546,703	31.176
Concrete Ltd.	Feltham	£4,620,354	31.1275
Ice Rink Company	Glasgow	£2,250	30.975
ckintosh Ltd.	York	£3,190,154	31.176
o Ltd.	London, W1	£204,655	31.1275
es Ltd.	Newcastle	£1,438,302	31.1275
Sons Ltd.	Perth	£1,184,121	31.1275

l by the Treasury as required by the above Act

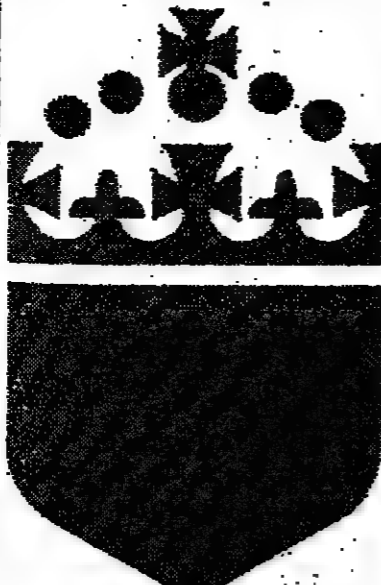
VICTOR PYRATE COMPANY

roud to receive the Queen's Award to r export achievement.

manufacturers of tank-washing equipment l's tanker market.

VENUE, SOUTH OCKENDON, ESSEX, RM15 5DP

er company of the Samuel Hodge Group



Royal Insurance

Salient points from Mr. Daniel Meinertzhagen's Statement

The Annual General Meeting of the Royal Insurance Company Limited will be held on Thursday, 13th May, in Liverpool. The following extracts are from a statement by the Chairman, Mr. Daniel Meinertzhagen, sent to stockholders with the 130th Annual Report and Accounts.

Despite the many problems the company has faced, improvements were achieved in all but two of the main territorial divisions, most notably in Australia where the underwriting loss was reduced substantially but even in the United States where conditions were so very bad. However the deterioration in Europe was something of a disappointment, even though the loss was entirely due to the effect of adverse motor experience in the Netherlands.

The total underwriting result, a loss of £32.4m as compared with the loss of £39.8m in 1974, did not show quite the measure of improvement for which we had been looking even as late as November and the final outcome was marred by the adverse effect of the unusually severe weather conditions experienced in parts of Canada during December.

Nevertheless the firm measures taken during 1974, which were continued in 1975, to reduce our exposures in the less profitable areas and classes of business, and to increase premium levels to achieve profitability despite the inroads of inflation, are having their effect. We are hopeful that, with much of the benefit yet to emerge from the higher premiums already in force and with the further corrective action still being taken, the trend of improvement will gather pace during the current year. It must be expected, however, that, following the violent storms in the United Kingdom in January, and with the continuing problems in the United States, the improvement over last year may well not emerge to any material degree until the second half of the year. I can assure stockholders that every possible endeavour has been and continues to be made to restore the underwriting to profitability, though this may still take some time to achieve.

A particularly helpful feature of 1975 was the substantial rise in the level of stock markets during the year, not only in the United Kingdom but in the other major markets of the world as well. This improvement was reflected in the market value of our investments and I am pleased to be able to tell stockholders that, also taking into account the additional capital raised by the rights issue towards the end of the year, the Group's ratio of stockholders' funds to 1975 premiums (the 'solvency margin') was approximately 46% at the year-end. Since the turn of the year market values have increased further and the ratio to 1975 premiums is at present around 51%.

There was a useful increase in investment income to £62.5m of which approximately £1.4m arose from investment of the new money raised by the rights issue and the use of this money for a full year will, of course, help to produce a further increase in investment income during 1976.

The total operating profit for the year of £32.7m before taxation was more than twice that achieved in 1974. After taxation the profit was £21.1m and the final dividend recommended of 8.087p will bring the total distribution for the year to 13.387p (compared with 12.544p in 1974). This accords with the expectation expressed at the time of the rights issue and will leave a transfer to retained profits of £2.6m.

One of the major difficulties with which insurance companies have been grappling during the recent period of high inflation has been and is that the rates of inflation in so far as insurance business is concerned are generally higher than the commonly quoted rates of inflation. In particular over a period the level of Court awards for bodily injury and the cost of repairing motor vehicles and property have been consistently outrunning monetary rates of inflation generally throughout the world. The position has been further complicated due to the political sensitivity which has emerged in many aspects affecting insurance and the growth of consumerism and consumer-awareness. These in turn have led in many places to a limitation of premium rates and growth either through direct political intervention or by State-sponsored competition or other forms of restriction. The trend in this direction is one which it is difficult to see being reversed in the short term and many people, especially politicians, tend to forget that in the long run claims can only be satisfied out of the premiums collected and what can be earned on them. It is a feature which has a particularly adverse effect where risks which are unacceptable on commercial grounds are required by law to be covered in the market at tightly regulated rates or where a deficiency of one insurer, no matter how it arises, must be met in whole or in part by others.

If attitudes of this kind persist they will serve only to undermine the capital base of insurers making it increasingly difficult for

them even to accommodate the higher sums insured necessitated by the effects of inflation, quite apart from the growing demands for more sophisticated forms of insurance cover and the need to serve continuously increasing populations and the growth in world trade.

The ability to maintain and develop adequate free reserves is quite essential for the future of any insurance business. Such growth in reserves should come, in the first place, from surpluses emerging from profitable underwriting, with investment income and capital appreciation from the pursuit of successful investment policies also playing a vital role. The alternative of raising additional capital in the market also depends on running a successful business which can show good prospects for the future. The past growth and successes of the industry have been based upon these precepts and the ability to exercise the maximum freedom to pursue investment policies consistent with policyholders' and shareholders' best long-term interests is an essential corollary. Proposals which are made from time to time artificially to influence the direction of our investments must conflict with these interests.

This year we shall for the first time be holding the Annual General Meeting in our new building in Liverpool in which is to be housed our Head Office for the United Kingdom. The building is due to be completed by mid-year and it is with great pleasure that I record that Her Royal Highness Princess Alexandra has graciously consented to perform the official opening ceremony on 7th July.

I express my thanks and those of the stockholders for the dedication to the affairs of the company shown by management and staff throughout the world during the past very difficult year. It is principally through the exercise of their skill and judgment that we have been able to show the improvement achieved in the company's position during the past twelve months and, whilst much still remains to be done, I have every confidence in their abilities to carry through to a satisfactory conclusion the difficult tasks that lie ahead.

I also thank most warmly our agents throughout the world for the loyal support they have continued to give us during the past year.

Copies of the Report and Accounts can be obtained from The Registrars Department, 1 North John Street, Liverpool L69 4AS.

Summary of Consolidated Results

	1975 £m	1974 £m
General Insurance Premiums Written	788.9	663.9
Earnings		
General Insurance Underwriting Result	-32.4	-39.8
Investment Income on Stockholders' and General Insurance Funds	62.5	51.8
Stockholders' Long-term Insurance Profits	1.7	1.7
Share of Associated Companies' Profits	0.9	1.3
Profit before taxation	32.7	16.0
Less UK and Overseas Taxation	11.4	4.3
Minority Interests	0.2	0.0
Net Profit (per unit of stock)	21.1 (15.9p)	10.7 (8.3p)
Dividend		
Interim	6.4	3.0
Second Interim	—	3.0
Proposed Final	12.1	9.7
Total (per unit of stock)	18.5 (13.4p)	15.7 (12.5p)
Transfer to Retained Profits	2.6	-4.4

Royal Insurance looks after you. Fast

(This advertisement appears as a matter of record only)

Banco Nacional de Obras y Servicios Públicos, S.A.**\$220,000,000**

Medium term loan

Managed by

Libra Bank Limited

Chase Manhattan Limited

Canadian Imperial Bank of Commerce

Western American Bank (Europe) Limited

Banco de Comercio, S.A.

Citicorp International Group

Co-Managed by

Associated Japanese Bank (International) Limited

Fidelity Union Trust Company

First Pennsylvania Bank N.A.

Japan International Bank Limited

Manufacturers National Bank of Detroit

Morgan Guaranty Trust Company of New York

Westdeutsche Landesbank Girozentrale

Chemical Bank

First International Bancshares Limited

First Wisconsin National Bank of Milwaukee

London Interstate Bank Limited

Marine Midland Bank

Orion Bank Limited

And provided by

Banco de Comercio, S.A.

Canadian Imperial Bank of Commerce

Chemical Bank

Fidelity Union Trust Company

The Chase Manhattan Bank, N.A.

Citibank N.A.

First Pennsylvania Bank N.A.

Marine Midland Bank

WestLB International S.A.

First International Bancshares Limited

First National Bank in Dallas

Security Pacific National Bank

Japan International Bank Limited

Nomura International (Hong Kong) Limited

Mitsubishi Bank (Europe) S.A.

Bank of Scotland

Investitions- und Handels-Bank A.G., London Branch

The Sanwa Bank of California

First Wisconsin National Bank of Milwaukee, London Branch

Morgan Guaranty Trust Company of New York

Libra Bank Limited

Bank of Montreal (Bahamas & Caribbean) Limited

Maryland National Bank, Nassau Branch

Wells Fargo Bank, N.A.

Kuwait Pacific Finance Company Limited

Third National Bank in Nassauville

Tokai Bank (Nederland) N.V.

Daiwa (Europe) N.V.

Mercantile Trust Company N.A., Grand Cayman Branch

United Virginia Bank

Agent bank

Libra Bank Limited

APPOINTMENTS**Whitbread specialist directors**

Mr. A. J. Barga, Mr. R. M. Martineau, Mr. D. L. Sheridan, Mr. D. G. Smith and Mr. J. Q. Walker have been appointed specialist directors of WHITBREAD AND CO.

Mr. Ray Waudby has been appointed chairman and group chief executive of CATTLE'S (HOLDINGS).

Mr. John Leatham, an executive director of Stone-Plant Industries and chairman of Stone Manganese Marine, has been appointed a non-executive director of BFB INDUSTRIES.

Lady Taylor has been appointed a director of TAYLOR WOODROW, wife of Sir Frank Taylor, who founded the group. Lady Taylor is a member of the executive Board and a director of Taylor Woodrow Homes.

Mr. John Nugent has joined the Board of WHITE CHILD AND SENEY.

Mr. A. W. Hartwell has been appointed chairman of CORNERCROFT following the retirement of Mr. J. R. Mend.

Mr. J. S. Lyon has been appointed managing director of HUNTON INTERNATIONAL, a subsidiary of Weeks Associates.

Mr. W. Stanley Nelson, who joined FORDS OF BRISTOL in 1944, has been appointed managing director.

Mr. Peter Macadam has been appointed a director of TOBACCO SECURITIES TRUST COMPANY. Mr. Macadam is the chairman of British-American Tobacco.

Mr. A. J. Beveridge has been elected a director of STAR OFFSHORE SERVICES.

Mr. Geoffrey Sealey has been elected to the Board of GRANADA MOTORWAY SERVICES as marketing director. He has been with Granada for three years and has been responsible for the food service and retailing. Granada Motorway Services, a subsidiary of Granada Group, operates eight motorway service areas.

WM SWORD & CO
INCORPORATED

announces the formation of an

International Investment Banking Firm**Managing Directors**

Hoyt Ammidon, Jr.

Daniel J. Conroy, Jr.

Donald D. McCuaig

Richard D. Nagel

James M. Revie

S. Wyman Rolph III

Joseph M. Self

William A. Stoltzfus, Jr.

Charles Barnwell Straut

William Sword

22 Chambers Street, Princeton, New Jersey 08540
Telephone: 609-924-6710 Telex: WmSwordCo Prin 84336
Cable: WMSWORDCO Princeton NJ

This announcement appears as a matter of record only

New Issue:

\$25,000,000 (Canadian)**TRADERS** 
GROUP LIMITED**9% Senior Secured Notes Series AS due March 15, 1982**

McLeod, Young, Weir & Company Limited

Dean Witter International

Bankers Trust International Limited

Orion Bank L

Société Générale de Banque S.A.

Swiss Bank Corporation (Overseas) L

Union Bank of Switzerland (Securities) Limited

S.G. Warburg & C

H. Albert de Bary & Co. N.V.

Algemene Bank Nederland N.V.

A. E. Ames &

Amsterdam-Rotterdam Bank N.V.

Bache Halsey Stuart Inc.

Julius Baer International

Banca Commerciale Italiana

Banca del Gottardo

Banca Nazionale d

Banca della Svizzera Italiana

Banco di Roma

Bank Gutzwiller, Kurz, Bungenier (Overseas)

Bank Leu International Ltd.

Banque du Bénélux S.A.

Banque Bruxelles Lam

Banque Française du Commerce Extérieur

Banque Générale du Luxemb

Banque de l'Indochine et de Suez

Banque Internationale à Luxemb

Banque Lambert-Luxembourg S.A.

Banque Nationale de Paris

Banque de Neufville, Schumberg

Banque de Paris et des Pays-Bas

Banque Populaire Suisse SA Luxembourg

Banque R

Banque de l'Union Européenne

Banque Worms

Baring Brothers & Co., Limited

Bayerische Ver

Berliner Handels- und Frankfurter Bank

Blyth Eastman Dillon & Co. International

Cazenc

Burns Bros. and Denton Limited

Caisse des Dépôts et Consignations

Cazenc

Citicorp International Bank Limited

Commerzbank Aktiengesellschaft

Compagnie Financière Intermodia

Continental Illinois Limited

Creditanstalt-Bankverein

Crédit Commercial d

Crédit Industriel d'Alsace et de Lorraine

Crédit Industriel et Commercial

Crédit Lyonnais

Crédit du Nord et Union Parisienne

Credit Suisse White Weld Limited

Daiwa Eur

Den Danske Landmandsbank

Den norske Creditbank

Deutsche Girozentrale-Deutsche Kommun

Dewar & Associates International S.C.S.

Dillon, Read Overseas Cor

Dominion Securities Corporation Harris & Partners Limited

Dresdner Bank

Effectenbank

Girozentrale und Bank der Österreichischen Sparkassen

Robert Fleming & Co. Limited

Fry Mills Spenc

Greenshields Incorporated

Handelsbank N.W. (Overseas)

Hessische Landesbank

International Marine Banking Co. Limited

Kleinwort, Benson Limited

Kreditb

Kreditbank S.A. Luxembourg

Kuhn, Loeb & Co. International

Lazard Brothe

Lazard Frères et Cie

Lévesque, Beaubien Inc.

London Multinational Bank (Underwriters)

Manufacturers Hanover Limited

Merck, Finck & Co.

Merrill Lynch Internation

B. Metzler seel. Sohn & Co.

Midland Doherty Limited

Samuel Montagu & Co. Limited

Nesbitt, Thomson Limited

The Nikko Securities Co., (Europe) Ltd.

Nomura Eur

Peterbroeck, Van Campenhout, Kampen S.A.

Pictet International Ltd.

Pierpont, Halding & Pier

W. C. Pitfield & Co. (London) Ltd.

N.M. Rothschild & Sons Limited

Salomon I

Richardson Securities of Canada (U.K.) Ltd.

Scandinavian Bank Limited

J. Henry Schroder Wag

Santo Spirito Investments Limited

Schweizerische Hypotheken- und Handelsbank

Skandinaviska Enskilda

Slavenburg Oyens & van Eeghan N.V.

Smith Barney, Harris Upham & Co. Incorporated

Société Centrale de

Société Générale

SoGen-Swiss International Corporation

Strauss, Turnbull & Co.

Svenska Handelsbanken

Trade Development Bank Overseas Inc.

Vereins- und W. Aktiengesell

M.M. Warburg-Brinckmann, Wirtz & Co.

Warburg Paribas Becker Inc.

Westdeutsche Lan

Westfalianbank Aktiengesellschaft

Williams, Glyn & Co.

Wood Gundy Limited

Yamatichi International (I) Limited

REPORT TO INVESTORS
from a company called TRW**1975: Higher Sales, Higher Earnings**

TRW Inc., a major international supplier of high technology products and services, reports higher sales, earnings, and earnings per share for 1975.

1975 sales reached the \$2.59 billion mark; compared to 1974's \$2.49 billion. Earnings after taxes reached \$103.9 million, or \$3.08 per share, compared with restated 1974 net earnings of \$93.0 million, or \$2.76 per share.

Factors in 1975 Success

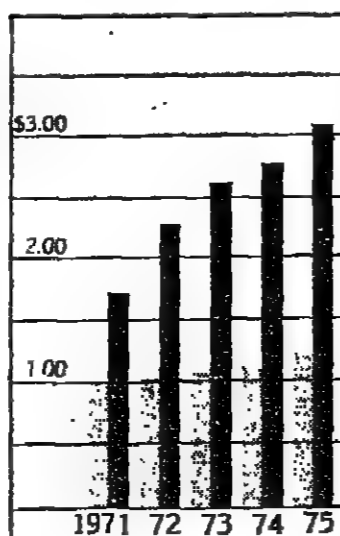
- Management at every level of the company effectively implemented long-range plans which anticipated reduced worldwide economic activity and continuing high inflation in 1975.
- TRW's decentralized operating units skillfully adjusted their near-term plans and budgets to accommodate rapidly changing market conditions.
- The nature of our diversification permitted emphasis on strong segments of the company's business that more than offset defensive steps in segments that cycled downward.

Gains Noted in Several Business Categories

Significant gains were achieved in the following lines of business: international car and truck products, energy products and services, and automotive replacement parts. The electronics and fasteners, tools and bearings categories both suffered from weakness in demand in some segments of their markets.

FINANCIAL HIGHLIGHTS
(Dollar amounts in thousands except per share data)

	1975	1974 (Restated)	% Change
Net Sales	\$2,585,683	\$2,486,022	4.0%
Earnings Before Taxes	\$ 184,305	\$ 176,333	4.5%
Percent to Sales	7.1%	7.1%	
Net Earnings	\$ 103,899	\$ 92,975	11.7%
Percent to Sales	4.0%	3.7%	
Percent to Average Shareholders' Investment	14.3%	13.9%	
Primary Earnings	\$ 3.08	\$ 2.76	11.6%
Fully Diluted Earnings	2.86	2.62	9.2%
Cash Dividends Paid	1.20	1.12	7.1%
Total Assets	\$1,886,465	\$1,697,532	(7.7%)
Total Shareholders' Investment	\$ 761,854	\$ 694,129	9.8%



EARNINGS AND CASH DIVIDENDS PER COMMON SHARE
 □ Cash dividends per share
 ■ Primary earnings per share

1976 And The Future

TRW's performance during the last 10 years—including performance exceeding that of its markets during two worldwide recessions—permits confidence in the future. There is reason to expect that TRW's performance can be even better as worldwide economic conditions improve in the years immediately ahead. For complete information on TRW's 1975 results, please write for a copy of our annual report. TRW Europe, Inc., 25 St. James's Street, London SW1A-1HA.

A COMPANY CALLED
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INTERNATIONAL COMPANY NEWS + EURO MARKETS

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ITT divestment seen in French telecom deal

BY RUPERT CORNWELL

PARIS, April 20.

THE ALLOCATION of new

orders for computerised

phone, equipment by the French

ITT will involve a complete

re-organisation of the country's

telecommunications industry

including almost certainly the

surrender by ITT of one of its

subsidiaries here and a vastly

expanded role for the Thomson

Brandt electrical group.

The final decision will only be

taken by the Postal Ministry,

probably before the end of this

month. But there are now some

little doubt that the two systems

chosen, of the three still in the

running, will be the AXE tech-

nique of the French subsidiary

of Sweden's Ericsson group and

the Metaco exchange, offered

in slightly different forms by

both of ITT's local offshoots,

CGCT and LMT.

The price, however, which has

been demanded by the Paris

government is domestic financial

control of the companies which

manufacture the equipment

finally selected. This ITT is

now understood to have

accepted.

A fortnight ago employees at

LMT were informed by the

management that the U.S.

parent was ready to divest it

alone.

Should events follow this

course, the big winner will be

Thomson which after a 50-year

absence from the telephone

business, will be in charge of

projects which could come

to 50 per cent of the French mar-

et to say nothing of subsequent

export possibilities.

Informal agreement is already

under way to have been reached

for Thomson to take control of

Ericsson-France, which had turn-

over of over Frs.700m. (£80m.)

in 1974. It now appears that

the Group is in line to take

over—either alone or aided by

the Government—whichever sub-

sidiary ITT concedes.

After its recent disappoint-

ments in the computer field, such

an outcome would give Thomson

wide financial away over the new

generation of French telephone

equipment, and means the

virtual exclusion of CGE, its

great rival, which has been

hoping for a share of the market

only 7m. to-day. The investment

required to bring France up to

the level of the U.K. or West

Alcatel.

Matters of course are still not

conclusively settled, and if the

past is any yardstick, surprises

are on the cards even at this

late hour. The remaining

hurdles are a final set of nego-

tiations between ITT and the

French authorities and the re-

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projects which could come

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self of one of the two French

subsidiaries—although it is still

not clear which. The emotive

word "nationalisation" is being

carefully avoided, and official

pronouncements speak only of

"francisation."

The loss of either LMT or

CGCT, which had sales in 1975

of Frs.150m. (£170m.) and

Frs.130m. (£150m.) respectively,

is the condition which the glo-

merate is understandably pre-

pared to meet to gain a foot-

hold in such an enormous

potential market.

The modernisation of the much

criticised French telephone ser-

vice planned by the PTT calls for

an increase in the number of

subscribers to 20m. by 1982 from

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ins Third Queen's Award.

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Mystery bid scores with Rangers shares

WITHIN three minutes yesterday an undisclosed party had amassed 36,300 Ordinary shares of Rangers Football Club, present leader of the premier division of the Scottish League, for an outlay of £235,845.

This abnormal block of shares, part of the estate of a former chairman of the Glasgow club, the late Mr. Matthew Taylor, was sold on the floor of the Scottish stock exchange in Glasgow for £8.15 a share. Earlier this year Rangers shares, which give holders social prestige in Scotland, had changed hands at between £7 and £8 a share. Before the auction the share price stood at £7.25. Immediately after, it was at £7.75. The batch on offer represented 10 per cent. of the share capital of the club.

They were auctioned by Mr. William Carmichael, senior partner of a firm of City brokers. There were three bidders, one of which is thought to have been the Rangers Board. Bidding started at the reserve price of £5 going up to £6 by the old fashioned method of one-sixteenth of a pound and thereafter in decimal units.

The undisclosed client was represented by the stockbroking firm of Keir Anderson Miller and Stevenson. Mr. William Qualle, a partner in the brokers, told reporters afterwards: "I'm afraid I cannot say very much to you as we do not disclose anything about our clients as a matter of principle."

He promised to get in touch with the client and convey a message to the stock exchange in half an hour, but an official of the exchange said: "Mr.

Qualle has been in touch with the client who does not wish to talk to the Press."

There has been a constant struggle among major holders of Rangers shares for a seat on the Board for which there are two vacancies at the moment and the present directors have made it plain that the present size of the Board, five members, is sufficient.

MP's call for reform of Parliament

MAJOR constitutional reforms are needed "if power is to be wrested back from Number 10 and Whitehall," a Conservative MP said yesterday.

Mr. Anthony Grant (Harrow Central) told the Lunchtime Comment Club in London that Parliament was "increasingly becoming putty in the palm of the Premier" who chose Ministers and even named election day.

The MP called for five reforms to be considered, aimed at returning power to the people through their MPs: Fixed-term elections; shorter Parliamentary sessions; fewer MPs, but with a streamlining of their responsibilities; better pension or compensation provisions for MPs to ensure no one was barred from Parliament on financial grounds; a limit on the time one MP can represent one constituency.

Error delays authors' Bill

AUTHORS may have to wait another year for the right to payment when their books are borrowed from public libraries, the Library Association's magazine warns.

This month's edition of the Library Association Record warns that the recently introduced legislation may be killed because of a procedural error by the Government. Even if it is reintroduced in the Commons it could not become law until April, 1977.

It claims that the House of Commons will probably "lay aside" the Public Lending Right Bill, because it proposes added public expenditure. This is because the Bill originated in the Lords, and it is a breach of their privilege to initiate money Bills. The Record recalls that the same mistake was made in 1963 with the Legal Aid Bill which the Government was forced to abandon because it began its committee stage in the Lords.

Top people are leaving London

BRITAIN'S peers are feeling the pinch. That is the message of a new economy-sized Debreit's guide to the aristocracy—published to-day to mark the Queen's 50th birthday.

Mounting living costs are sending the top people to the hills—deserting the graceful squares of Mayfair, Belgravia and Kensington.

Debreit's editor Patrick W. Montague-Smith notes in a preface: "During the course of preparation of this edition it has been very noticeable that there has been wholesale movement of those mentioned in Debreit's from London to the country."

"Those who have two addresses have often deleted the London house or flat. These moves are doubtless due to the high cost of living in London."

Just in case anyone might imagine Marquesses and Viscounts might be favouring semis in Edgware or maisonettes in Croydon this year, Mr. Montague-Smith adds: "Few seem to have moved to the outer suburbs."

Smaller

"The most popular districts are the Home Counties, the West Country, the Cotswolds and East Angles."

The new volume is nearly 1,000 pages smaller than before. This means that humble knights and companions of chivalry orders no longer have the satisfaction of sharing this famous book with the Royal Family and dukes. Instead, they will have entries in the less prestigious Kelly's Handbook, produced by the same publisher.

The change allows shortening of the volume's former title, Debreit's Peerage, Baronage and Companionage.

As from the previous edition in 1973, Debreit's has ceased being an annual publication. But the economies have not stopped the price going up from £22.50 last time to £25 or £30, depending on the binding.

Debreit's Kelly's Directories, £25.



Britain's leading manufacturers of lighting have now gained their third Queen's Award to Industry for Export Achievement. In 1972 the company also gained a Queen's Award to Industry for Technological Innovation. Once again Thorn has proved its ability to stay in the forefront of the lighting industry throughout the world.

THORN LIGHTING



R. Dawes Holdings LIMITED

Interim Statement

	6 months ended 30.9.75 £000's	6 months ended 30.9.74 £000's	Year ended 31.3.75 £000's
Trading	633	802	1,352
Other income of Associated Companies	108	237	414
Finance	741	839	1,766
By interests	86	42	125
TRIBUTABLE TO THE MEMBERS OF R. DAWES HOLDINGS LIMITED ORDINARY AND EXTRAORDINARY	655	797	1,941
BEFORE EXTRAORDINARY ITEMS	348	409	823
Income	306	(173)	(268)
INCLUDING EXTRAORDINARY	306	215	550
PER SHARE (ordinary items)	5.55p	7.18p	15.10p

profits of associated companies is due to the Group's holding in securities limited, Ryland Vehicle and Velcourt Limited.

have declared for the year ending 1976 an interim dividend of 1.75p (1p), equivalent with tax credit to 2.68p

pershare, payable on 21st May 1976 to shareholders on the register at the close of business on 22nd April, 1976 (previous year—same). The interim dividend will absorb £94,780 exclusive of Advance Corporation Tax (previous year—same).

20th April, 1976.

SAUNDERS VALVE COMPANY LIMITED

WMBRAN, GWENT Tel: Cwmbran 2044 Telex: 49241

"Saunders Valve Company Limited, one of the World's leading Manufacturers of Industrial Valves, is proud to have received The Queen's Award to Industry. An Export growth of more than 150% in three years has earned the Company its Third Award. Last year 66% of Saunders' U.K. production was exported to customers in more than 60 Countries. As part of its policy of constantly expanding overseas sales, Saunders has this year launched new companies in the U.S.A. and on the continent of Europe to market and distribute its products."

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Welcome to Hannover — the commercial centre of North Germany. And particularly during the Hannover Fair, the ideal place to establish successful business relationships. Many such links have been made with our help, because at the Norddeutsche Landesbank we offer a comprehensive service backed by extensive know how and wide-ranging experience in finance and credit. Do you need information about North Germany and its expanding economy?

Are you planning a trip to the Federal Republic?

Are you planning to establish new business relations or develop existing contacts with German companies?

If so we are the ideal partner for you, with our financial strength and considerable experience in international finance. We look forward to meeting you.

You will find us at Georgsplatz 1, Hannover in the lobby at Langenhagen Airport, Hannover at the Hannover Fair, in the Bankenallee and in the Niedersachsenpavillon, Stahlstrasse/Nordallee.



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MINING & DRAMA

Big grain Metal prices surge ahead in hectic trading

By John Edwards, Commodities Editor

METAL PRICES surged up again yesterday on the London Metal Exchange as the setback in the price of sterling and higher prices in New York on Monday encouraged a new wave of speculative buying.

Copper traded at over \$900 a tonne for the first time since June 1974 in late March trading, after the New York market had risen by the opening yesterday. Trading in the copper ring was hectic and the bell had to be rung at one stage to calm dealers.

Cash tin gained \$63.5 at \$3,881 a tonne, its highest level since September 1974.

Cash lead closed \$11 up at \$28.25 a tonne, but moved about \$5 higher in late March trading.

There was a similar story in zinc, where the cash price closed \$17.875 higher at \$441.375 a tonne but advanced still further on the late March.

Spot silver on the London Bullion Market was raised by 0.35p to 266.55p an ounce at the morning fixing, reflecting a steep rise in the U.S. market on Monday. This was the highest price since the short-lived peak of 268.1p reached in August 1975.

There were few surprises in the LME warehouse stocks figures. As expected copper stocks rose by 1,775 tonnes to a new all-time high of 534,225 tonnes. But since the increase was in line with expectations it had virtually no impact on prices.

Although the fall of 450 tonnes to 5,070 tonnes in zinc stocks was anticipated, it nevertheless tended to be viewed as bullish since it is the third weekly decline.

A rise of 5,475 tonnes to 53,175 tonnes in zinc stocks was above expectations but had little effect on prices. Lead stocks fell by 300 to 83,650 tonnes, while LME silver holdings declined by 20,000 to 14,970,000 ounces.

Meanwhile, sentiment in the copper market was also affected by the heightened tension in Africa and news that the Benguela Railway is unlikely to re-open before September to carry copper exports out of Zambia and Zaire.

The latest quarterly review from CIPEC (the inter-governmental Council of Copper Exporting Countries) also presented a bullish picture suggesting that copper prices will have to rise to satisfy medium and long-term industrial needs.

The review claims that the copper price necessary to make new mining projects attractive is more than \$1 per lb.

To arrive at this figure 45 cents per lb is taken as probable production cost for the most interesting projects at the present time, 40 cents per lb the minimum necessary for covering an estimated annual interest of 10 per cent, and amortisation of capital over 10 years, and about 15 cents per lb is needed to cover taxes and provide a profit margin during the first 10 years of a mine's operating life.

But the review also pointed out that the world copper production surplus nearly doubled to an average 69,000 tonnes per month last year against 37,000 tonnes a month in 1974.

CIPEC estimates total stocks at end December 1975 to be 1.64m, tons, or 1.04m, tons, a year earlier. Nearly 70 per cent of the 617,000 tonnes increase was in London Metal Exchange and Comex warehouses, where prices are most directly on market prices.

Wool handlers' strike ending

By Our Own Correspondent

CANBERRA, April 20. NORMAL WORK will resume in wool stores throughout Australia tomorrow, but it is expected to take at least six weeks before the export backlog is cleared after nearly two months of industrial disputes.

Members of the Storemen and Packers' Union accepted recommendations from their employers to return to work, though "without enthusiasm," according to Mr. Simon Crean, the union's Assistant Federal Secretary.

The Conciliation and Arbitration Commission immediately began hearing a union claim for a wage rise of \$48.10 (\$5) a week. The other major issue still outstanding is over wool bale weights and, for the time being, bales exceeding 180 kilos will be handled as such, despite what will go to independent arbitration.

The shutdown of wool shipments in recent weeks is estimated to have cost growers, brokers and buyers \$42.5m, and the industry's cash flow is being watched apprehensively.

Mr. Ian Sinclair, the Minister for Primary Industry, said today it would take the wool industry "some months" to get back to normal. The textiles industry had synthetic available to it in quantity and "if I were in the textile industry I would have some reservations about wool."

Wool auctions, suspended since early this month, are expected to resume in a fortnight, with offerings expanded to take account of the backlog.

Our commodities staff writes: The Australian Wool Corporation expects to hold about 1.5m bales of wool at the end of the current season, a figure slightly below the opening level, according to Mr. Malcolm Vawter, general manager, marketing.

He told the annual meeting of the International Wool Secretariat's branch directors in London that in the absence of a speculative commodity boom the AWC should enter the 1977-78 season with sufficient wool in stock to enable it to exercise some influence on world supply and prices.

The New Zealand Wool Marketing Corporation will offer 15,000 bales of stock at four auctions over the next two months, reports Reuter.

The Wool Auction Sales Committee said the Christchurch sale scheduled for May 19 will be turned into a two-day sale on May 17 and 18 as good growing conditions made it likely there would be more than the expected 30,000 bales. The corporation will also offer 8,000 bales to bring the total offering to around 40,000 bales.

At March 31, its stockpile stood at 53,316 bales.

World grain forecast up

THE COMMONWEALTH SECRETARIAT has raised its forecast of 1976-77 world grain production to 1,901m, tonnes from 1,897m, tonnes, following a number of upward revisions in Northern Hemisphere figures.

The new estimate is only 0.5 per cent below 1974-75 production, but it is the first time in history. By so doing, it will help the world to compensate for last year's frost, which have more than halved Brazil's coffee output. Plans are for 12m bags in exports this year, compared with the normal level of 10m bags.

Brazil has bought coffee before from El Salvador in 1973 and on the New York market the following year, when a large amount of Central American coffee found its way to the IBC depot in Trieste. The IBC has just bought a large quantity of coffee from Brazil, Mexico and Colombia, failed to do the trick of lifting prices, however, and the coffee

COFFEE PRICES

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Arabica	100 lbs	\$1.10
Robusta	100 lbs	\$0.85
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Cocoa tops £1,000 a tonne

By Richard Money

WITH the London cocoa futures market still firmly in the grip of the latest bull trend, nearby values surged past the £1,000-a-tonne mark yesterday. The permissible 250-tonne limit was breached for the first time almost as soon as the market opened and after the statutory 30-minute break the upsurge was resumed.

The limit rule was brought into operation several more times during the day and by the close the market was £10 above the pre-Easter level at £1,045.5 a tonne.

Some dealers attributed the initial rise to the weakness of sterling but others argued that this accounted for only £5 or £6, with the rest of the rise representing a continuation of last week's dramatic upsurge. The buying was believed to be chiefly on behalf of speculators and traders noted that producers were not tempted to sell in any quantity.

Some dealers doubted whether the upturn in consumption indicated by recent grinding figures could really justify the subsequent rise, even with the backing of the sterling depreciation. They said the prospect of a small world supply deficit instead of a small surplus, as expected previously, could not be regarded as calling for a reappraisal of price levels.

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...

COFFEE SUPPLIES

...and the unlikely importer is Brazil

By David White in Rio de Janeiro

AFTER a century's uncontested leadership in world coffee production, Brazil is expected to conclude in the next few days the purchase of a large part of Angola's coffee crop. The amount is believed to be 500,000 bags (60 kilos per bag), and the cost around \$25m.

But that is not all. Brazil is rumoured to be looking for yet more coffee in the Ivory Coast, and, just as remarkable considering that Brazil overtook Cuba as the biggest cane sugar producer several years ago, for 200,000 or 300,000 tons of refined sugar in "another Latin American country."

Making the most of the "coals to Newcastle" theme, the Rio de Janeiro newspaper, *Jornal do Brasil*, reckons that Brazil has managed to justify imports of most of the things it produces in plenty—up to and including Brazilian nuts.

The deal with Angola forms part of a barter agreement, whereby some world supplies of take buses, tractors, lorries, ships, medical equipment and rice from Brazil. A \$44m credit for the buses and rice is already being arranged.

The reason the Brazilians say they are buying coffee is to safeguard their own stocks of 13m, has, by supply African Robusta coffee for its own industry. The industry, which has supplies already secured from the Brazilian Coffee Institute (IBC), will blend the Angolan raw material with Brazilian Arabica coffee.

London coffee prices soar

By Peter Sullivan

COFFEE PRICES soared by over \$100 a tonne on the London terminal market yesterday—the biggest daily rise since the reports of the severe frost damage to Brazilian crops first hit the market last July.

A combination of factors was responsible for the rise which took prices up by around \$80 a tonne in the morning and by another \$40 or so in the afternoon trading. By the close, July Robustas had reached \$1,351 up \$101.5 on the pre-Easter week-end close.

The weakness of sterling early in the day was a major factor but the rise in the U.S. market on Monday probably had more effect especially as it followed news of a 40 cents a lb increase in wholesale prices of ground coffee and 6 cents an ounce in instant coffee by the General Foods company.

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Wool Market Reports and Prices

Grade	Unit	Price
...

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Grade	Unit	Price
...

PRICE CHANGES

Commodity	Unit	Price
...

PRICE CHANGES

Commodity	Unit	Price
...

PRICE CHANGES

Commodity	Unit	Price
...

PRICE CHANGES

Commodity	Unit	Price
...

PRICE CHANGES

Commodity	Unit	Price
...

PRICE CHANGES

Commodity	Unit	Price
...

U.S. Markets

Limit rise in coffee: copper firm

COFFEE closed strong on arbitrage and copper on a report of a limit bid on a recent arbitrage and speculative buying. Copper closed on a report of a limit bid on a recent arbitrage and speculative buying.

U.S. Markets

Commodity	Unit	Price
...

U.S. Markets

Commodity	Unit	Price
...

U.S. Markets

Commodity	Unit	Price
...

U.S. Markets

Commodity	Unit	Price
...

U.S. Markets

Commodity	Unit	Price
...

U.S. Markets

Commodity	Unit	Price
...

Gilt-edged, equities and Gold shares all make headway

Share index up 5.8 at 414.8, only 2.7 under 29-month peak

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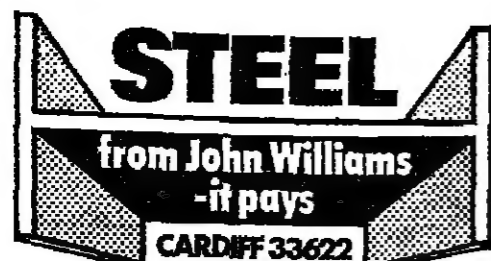
FT SHARE INFORMATION SERVICE

BRITISH FUNDS

High	Low	Stock	Price	% Chg	Div	Yield
99.9	99.8	British Fund 1970-71	99.8	+0.1	5.5	5.5
99.8	99.7	British Fund 1971-72	99.7	+0.1	5.5	5.5
99.7	99.6	British Fund 1972-73	99.6	+0.1	5.5	5.5
99.6	99.5	British Fund 1973-74	99.5	+0.1	5.5	5.5
99.5	99.4	British Fund 1974-75	99.4	+0.1	5.5	5.5
99.4	99.3	British Fund 1975-76	99.3	+0.1	5.5	5.5
99.3	99.2	British Fund 1976-77	99.2	+0.1	5.5	5.5
99.2	99.1	British Fund 1977-78	99.1	+0.1	5.5	5.5
99.1	99.0	British Fund 1978-79	99.0	+0.1	5.5	5.5
99.0	98.9	British Fund 1979-80	98.9	+0.1	5.5	5.5
98.9	98.8	British Fund 1980-81	98.8	+0.1	5.5	5.5
98.8	98.7	British Fund 1981-82	98.7	+0.1	5.5	5.5
98.7	98.6	British Fund 1982-83	98.6	+0.1	5.5	5.5
98.6	98.5	British Fund 1983-84	98.5	+0.1	5.5	5.5
98.5	98.4	British Fund 1984-85	98.4	+0.1	5.5	5.5
98.4	98.3	British Fund 1985-86	98.3	+0.1	5.5	5.5
98.3	98.2	British Fund 1986-87	98.2	+0.1	5.5	5.5
98.2	98.1	British Fund 1987-88	98.1	+0.1	5.5	5.5
98.1	98.0	British Fund 1988-89	98.0	+0.1	5.5	5.5
98.0	97.9	British Fund 1989-90	97.9	+0.1	5.5	5.5
97.9	97.8	British Fund 1990-91	97.8	+0.1	5.5	5.5
97.8	97.7	British Fund 1991-92	97.7	+0.1	5.5	5.5
97.7	97.6	British Fund 1992-93	97.6	+0.1	5.5	5.5
97.6	97.5	British Fund 1993-94	97.5	+0.1	5.5	5.5
97.5	97.4	British Fund 1994-95	97.4	+0.1	5.5	5.5
97.4	97.3	British Fund 1995-96	97.3	+0.1	5.5	5.5
97.3	97.2	British Fund 1996-97	97.2	+0.1	5.5	5.5
97.2	97.1	British Fund 1997-98	97.1	+0.1	5.5	5.5
97.1	97.0	British Fund 1998-99	97.0	+0.1	5.5	5.5
97.0	96.9	British Fund 1999-00	96.9	+0.1	5.5	5.5
96.9	96.8	British Fund 2000-01	96.8	+0.1	5.5	5.5
96.8	96.7	British Fund 2001-02	96.7	+0.1	5.5	5.5
96.7	96.6	British Fund 2002-03	96.6	+0.1	5.5	5.5
96.6	96.5	British Fund 2003-04	96.5	+0.1	5.5	5.5
96.5	96.4	British Fund 2004-05	96.4	+0.1	5.5	5.5
96.4	96.3	British Fund 2005-06	96.3	+0.1	5.5	5.5
96.3	96.2	British Fund 2006-07	96.2	+0.1	5.5	5.5
96.2	96.1	British Fund 2007-08	96.1	+0.1	5.5	5.5
96.1	96.0	British Fund 2008-09	96.0	+0.1	5.5	5.5
96.0	95.9	British Fund 2009-10	95.9	+0.1	5.5	5.5
95.9	95.8	British Fund 2010-11	95.8	+0.1	5.5	5.5
95.8	95.7	British Fund 2011-12	95.7	+0.1	5.5	5.5
95.7	95.6	British Fund 2012-13	95.6	+0.1	5.5	5.5
95.6	95.5	British Fund 2013-14	95.5	+0.1	5.5	5.5
95.5	95.4	British Fund 2014-15	95.4	+0.1	5.5	5.5
95.4	95.3	British Fund 2015-16	95.3	+0.1	5.5	5.5
95.3	95.2	British Fund 2016-17	95.2	+0.1	5.5	5.5
95.2	95.1	British Fund 2017-18	95.1	+0.1	5.5	5.5
95.1	95.0	British Fund 2018-19	95.0	+0.1	5.5	5.5
95.0	94.9	British Fund 2019-20	94.9	+0.1	5.5	5.5
94.9	94.8	British Fund 2020-21	94.8	+0.1	5.5	5.5
94.8	94.7	British Fund 2021-22	94.7	+0.1	5.5	5.5
94.7	94.6	British Fund 2022-23	94.6	+0.1	5.5	5.5
94.6	94.5	British Fund 2023-24	94.5	+0.1	5.5	5.5
94.5	94.4	British Fund 2024-25	94.4	+0.1	5.5	5.5
94.4	94.3	British Fund 2025-26	94.3	+0.1	5.5	5.5
94.3	94.2	British Fund 2026-27	94.2	+0.1	5.5	5.5
94.2	94.1	British Fund 2027-28	94.1	+0.1	5.5	5.5
94.1	94.0	British Fund 2028-29	94.0	+0.1	5.5	5.5
94.0	93.9	British Fund 2029-30	93.9	+0.1	5.5	5.5
93.9	93.8	British Fund 2030-31	93.8	+0.1	5.5	5.5
93.8	93.7	British Fund 2031-32	93.7	+0.1	5.5	5.5
93.7	93.6	British Fund 2032-33	93.6	+0.1	5.5	5.5
93.6	93.5	British Fund 2033-34	93.5	+0.1	5.5	5.5
93.5	93.4	British Fund 2034-35	93.4	+0.1	5.5	5.5
93.4	93.3	British Fund 2035-36	93.3	+0.1	5.5	5.5
93.3	93.2	British Fund 2036-37	93.2	+0.1	5.5	5.5
93.2	93.1	British Fund 2037-38	93.1	+0.1	5.5	5.5
93.1	93.0	British Fund 2038-39	93.0	+0.1	5.5	5.5
93.0	92.9	British Fund 2039-40	92.9	+0.1	5.5	5.5
92.9	92.8	British Fund 2040-41	92.8	+0.1	5.5	5.5
92.8	92.7	British Fund 2041-42	92.7	+0.1	5.5	5.5
92.7	92.6	British Fund 2042-43	92.6	+0.1	5.5	5.5
92.6	92.5	British Fund 2043-44	92.5	+0.1	5.5	5.5
92.5	92.4	British Fund 2044-45	92.4	+0.1	5.5	5.5
92.4	92.3	British Fund 2045-46	92.3	+0.1	5.5	5.5
92.3	92.2	British Fund 2046-47	92.2	+0.1	5.5	5.5
92.2	92.1	British Fund 2047-48	92.1	+0.1	5.5	5.5
92.1	92.0	British Fund 2048-49	92.0	+0.1	5.5	5.5
92.0	91.9	British Fund 2049-50	91.9	+0.1	5.5	5.5
91.9	91.8	British Fund 2050-51	91.8	+0.1	5.5	5.5
91.8	91.7	British Fund 2051-52	91.7	+0.1	5.5	5.5
91.7	91.6	British Fund 2052-53	91.6	+0.1	5.5	5.5
91.6	91.5	British Fund 2053-54	91.5	+0.1	5.5	5.5
91.5	91.4	British Fund 2054-55	91.4	+0.1	5.5	5.5
91.4	91.3	British Fund 2055-56	91.3	+0.1	5.5	5.5
91.3	91.2	British Fund 2056-57	91.2	+0.1	5.5	5.5
91.2	91.1	British Fund 2057-58	91.1	+0.1	5.5	5.5
91.1	91.0	British Fund 2058-59	91.0	+0.1	5.5	5.5
91.0	90.9	British Fund 2059-60	90.9	+0.1	5.5	5.5
90.9	90.8	British Fund 2060-61	90.8	+0.1	5.5	5.5
90.8	90.7	British Fund 2061-62	90.7	+0.1	5.5	5.5
90.7	90.6	British Fund 2062-63	90.6	+0.1	5.5	5.5
90.6	90.5	British Fund 2063-64	90.5	+0.1	5.5	5.5
90.5	90.4	British Fund 2064-65	90.4	+0.1	5.5	5.5
90.4	90.3	British Fund 2065-66	90.3	+0.1	5.5	5.5
90.3	90.2	British Fund 2066-67	90.2	+0.1	5.5	5.5
90.2	90.1	British Fund 2067-68	90.1	+0.1	5.5	5.5
90.1	90.0	British Fund 2068-69	90.0	+0.1	5.5	5.5
90.0	89.9	British Fund 2069-70	89.9	+0.1	5.5	5.5
89.9	89.8	British Fund 2070-71	89.8	+0.1	5.5	5.5
89.8	89.7	British Fund 2071-72	89.7	+0.1	5.5	5.5
89.7	89.6	British Fund 2072-73	89.6	+0.1	5.5	5.5
89.6	89.5	British Fund 2073-74	89.5	+0.1	5.5	5.5
89.5	89.4	British Fund 2074-75	89.4	+0.1	5.5	5.5
89.4	89.3	British Fund 2075-76	89.3	+0.1	5.5	5.5
89.3	89.2	British Fund 2076-77	89.2	+0.1	5.5	5.5
89.2	89.1	British Fund 2077-78	89.1	+0.1	5.5	5.5
89.1	89.0	British Fund 2078-79	89.0	+0.1	5.5	5.5
89.0	88.9	British Fund 2079-80	88.9	+0.1	5.5	5.5
88.9	88.8	British Fund 2080-81	88.8	+0.1	5.5	5.5
88.8	88.7	British Fund 2081-82	88.7	+0.1	5.5	5.5
88.7	88.6	British Fund 2082-83	88.6	+0.1	5.5	5.5
88.6	88.5	British Fund 2083-84	88.5	+0.1	5.5	5.5
88.5	88.4	British Fund 2084-85	88.4	+0.1	5.5	5.5
88.4	88.3	British Fund 2085-86	88.3	+0.1	5.5	5.5
88.3	88.2	British Fund 2086-87	88.2	+0.1	5.5	5.5
88.2	88.1	British Fund 2087-88	88.1	+0.1	5.5	5.5
88.1	88.0	British Fund 2088-89	88.0	+0.1	5.5	5.5
88.0	87.9	British Fund 2089-90	87.9	+0.1	5.5	5.5
87.9	87.8	British Fund 2090-91	87.8	+0.1	5.5	5.5
87.8	87.7	British Fund 2091-92	87.7	+0.1	5.5	5.5
87.7	87.6	British Fund 2092-93	87.6	+0.1	5.5	5.5
87.6	87.5	British Fund 2093-94	87.5	+0.1	5.5	5.5
87.5	87.4	British Fund 2094-95	87.4	+0.1	5.5	5.5
87.4	87.3	British Fund 2095-96	87.3	+0.1	5.5	5.5
87.3	87.2	British Fund 2096-97	87.2	+0.1	5.5	5.5
87.2	87.1	British Fund 2097-98	87.1	+0.1	5.5	5.5
87.1	87.0	British Fund 2098-99	87.0	+0.1	5.5	5.5
87.0	86.9	British Fund 2099-00	86.9	+0.1	5.5	5.5
86.9	86.8	British Fund 2100-01	86.8	+0.1	5.5	5.5
86.8	86.7	British Fund 2101-02	86.7	+0.1	5.5	5.5
86.7	86.6	British Fund 2102-03	86.6	+0.1	5.5	5.5
86.6	86.5	British Fund 2103-04	86.5	+0.1	5.5	5.5
86.5	86.4	British Fund 2104-05	86.4	+0.1	5.5	5.5
86.4	86.3	British Fund 2105-06	86.3	+0.1	5.5	5.5
86.3	86.2	British Fund 2106-07	86.2	+0.1	5.5	5.5
86.2	86.1	British Fund 2107-08	86.1	+0.1	5.5	5.5
86.1	86.0	British Fund 2108-09	86.0	+0.1	5.5	5.5
86.0	85.9	British Fund 2109-10	85.9	+0.1	5.5	5.5
85.9	85.8	British Fund 2110-11	85.8	+0.1	5.5	5.5
85.8	85.7	British Fund 2111-12	85.7	+0.1	5.5	5.5
85.7	85.6	British Fund 2112-13	85.6	+0.1	5.5	5.5
85.6	85.5	British Fund 2113-14	85.5	+0.1	5.5	5.5
85.5	85.4	British Fund 2114-15	85.4	+0.1	5.5	5.5
85.4	85.3	British Fund 2115-16	85.3	+0.1	5.5	5.5
85.3	85.2	British Fund 2116-17	85.2	+0.1	5.5	5.5
85.2	85.1	British Fund 2117-18	85.1	+0.1	5.5	5.5
85.1	85.0	British Fund 2118-19	85.0	+0.1	5.5	5.5
85.0	84.9	British Fund 2119-20	84.9	+0.1	5.5	5.5
84.9	84.8	British Fund 2120-21	84.8	+0.1	5.5	5.5
84.8	84.7	British Fund 2121-22	84.7	+0.1	5.5	5.5
84.7	84.6	British Fund 2122-23	84.6	+0.1	5.5	5.5
84.6	84.5	British Fund 2123-24	84.5	+0.1	5.5	5.5
84.5	84.4	British Fund 2124-25	84.4	+0.1	5.5	5.5
84.4	84.3	British Fund 2125-26	84.3	+0.1	5.5	5.5
84.3	84.2	British Fund 2126-27	84.2	+0.1	5.5	5.5
84.2	84.1	British Fund 2127-28	84.1	+0.1	5.5	5.5
84.1	84.0	British Fund 2128-29	84.0	+0.1	5.5	5.5
84.0	83.9	British Fund 2129-30	83.9	+0.1	5.5	5.5
83.9	83.8	British Fund 2130-31	83.8	+0.1	5.5	5.5
83.8	83.7	British Fund 2131-32	83.7	+0.1	5.5	5.5
83.7	83.6	British Fund 2132-33	83.6	+0.1	5.5	5.5
83.6	83.5	British Fund 2133-34	83.5	+0.1	5.5	5.5
83.5	83.4	British Fund 2134-35	83.4	+0.1	5.5	5.5
83.4	83.3	British Fund 2135-36	83.3	+0.1	5.5	5.5
83.3	83.2	British Fund 2136-37	83.2	+0.1	5.5	5.5
83.2	83.1	British Fund 2137-38	83.1			

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France unveils modest capital gains tax

BY RUPERT CORNWELL

PARIS, April 20.

THE FRENCH Government has unveiled its long-awaited plans for a capital gains tax, a key element in President Giscard d'Estaing's reform programme and a step which will bring France belatedly into line with most other industrial nations.

The draft Bill outlined tonight by the Finance Minister, M. Jean-Pierre Fourcade, covers all kinds of capital gains, from property to shares, jewels, antiques and gold. But the proposals are modest when set against the corresponding taxes existing already in Britain or the U.S.

Should all go well, they will be approved by Parliament later this year and take effect from January 1, 1977. But the net direct yield for the French Treasury will be a mere Frs.1.1bn. (£135m.) of fresh revenue and only Frs.13m. tax-payers will be affected.

An essential difference between the French plans and the system in force in the U.K. is the distinction that M. Fourcade intends between long-term and short-term capital gains and the allowance made for inflation.

Proceeds from the sale of assets held for two years or less will be taxed as ordinary income up to a maximum rate of 60 per cent., and monetary depreciation will not be taken into account.

The tax, however, will progressively taper off for goods held for a longer period and those in a person's possession for 40 years or more will escape completely.

In the intervening period, the tax collectors will allow deductions for price inflation as well as, from 10 years onwards, a 3.3 per cent. allowance for each extra year the asset has been held. In this way, the Minister argued, the twin aims of justice and moderation would be achieved.

U.K. toymaker buys interests in U.S.

BY TERRY WILKINSON

DUNBEE COMBEX MARX, the U.K. toys and do-it-yourself group, is paying \$15m. (£8.2m.) for the toy interests of Louis Marx—a subsidiary of Quaker Oats of America—in the U.S., Canada and Hong Kong.

The acquisition follows four months of talks and is an important expansionary move for the group. DCM yesterday announced pre-tax profits for 1975 of £3.5m., compared with £2.5m. for 1974, on sales of £37m. The company believes that the assets which it is acquiring have the potential to produce turnover of £70m. (£38m.). A £2.5m. rights issue is also planned, details of which will be outlined in the next four to six weeks.

An initial payment of \$5m., towards the purchase consideration of \$15m., has been raised through a Eurodollar loan and the remainder, subject to conditions surrounding the disposal of surplus assets and toy moulds, will be paid to Quaker Oats in instalments from 1977 to 1982.

Quaker Oats purchased Louis Marx of America in 1972 for \$55m. (including a small Mexican associate which is not included in the present acquisition) but this subsidiary lost \$4m. in 1974 and \$13.2m. in 1975. Against this background, the assets and stock of the U.S. and Canadian interests of Louis Marx are being

purchased at \$11.5m., which is substantially below book value. The Hong Kong companies, however, are to be acquired at net asset value of \$3.4m.

DCM aims to restore the Marx companies to profitability in the current financial year, in much the same way as it turned round Rover, acquired from the liquidator of Lines Bros. in 1972 for £3m., from pre-acquisition losses of £1m. in 1971 to profits of over £2m. in 1975.

The deal will transform DCM's international standing. Compared with 1975, when exports accounted for some 12 per cent. and overseas sales about 13 per cent. of turnover, direct overseas operations and U.K. export sales are forecast to represent 50 per cent. of turnover in 1976.

This latter figure will also include supplies under an agreement with the Soviet toy trade, signed in July, 1975, which is expected to contribute around £1m. to pre-tax profits this year.

The planned £2.5m. rights issue follows closely on a one-for-one rights issue in 1975, which raised a net £505,000. At that time, the Treasury agreed to a net dividend payment of 6.55p a share for 1975, compared with 3.7p for 1974. In the context of the present rights issue, the Treasury has now agreed to a further increase in the net payment to 10.0p for 1976.

Devalued lira helps firms cut EEC fines

By David Curry

SIX French, Dutch and Belgian companies have effectively reduced by up to 40 per cent. fines imposed upon them originally by the European Commission for breach of anti-trust legislation by paying in the devalued lira instead of their national currency.

The fines were imposed in units of account, an entirely fictional currency whose value in national currencies was last calculated before the 1971 Smithsonian agreement. The unit of account is also used for the Common Market's budget and to calculate national contributions.

The companies, it is understood, were able to manipulate this system to their advantage by purchasing lire on the foreign exchange markets and converting them into units of account at the pre-Smithsonian rate before paying their fines.

At the beginning of this year the European Court heard appeals from 16 sugar companies against fines imposed on them by the Commission for breach of competition law.

The court quashed the fine against six Italian companies on the grounds that they were only obeying Italian regulations which the Commission had omitted to challenge. It also reduced the fines on other producers on the grounds that the main offender was the way the market was officially organised, rather than the action of specific companies working within it.

That left fines remaining amounting to just under £4m. units of account, including a £600,000 unit fine on the Belgian concern, Raffinerie Trielmontoise.

It was expected that each company would pay the amount in national currency, but the Dutch, French and Belgian companies took advantage of the fact that their own currencies had immensely strengthened against the lira while the lira rate to the unit of account remained at its old parity of around 625.

Thus, the Belgian company, instead of paying £1.35m., bought £357m. in settlement of the fine at a cost of only £1.15m.

One of the French companies reduced the cost of its 100,000 units of account fine from Frs.555,000 to about Frs.340,000 by buying lire. There seems little the Commission can do in the short term except refer the case back to the European Court. By airing the problem before the court, it hopes to deter other companies from taking the same financial shortcut.

The longer term, it highlights the need to switch to a market-valued unit of account.

Freight Corporation changes urged by Pettit

BY ARTHUR SMITH, INDUSTRIAL STAFF

FINANCIAL reconstruction of the State-owned National Freight Corporation is being urged by Sir Daniel Pettit, the chairman. NFC is expected to report a loss for last year of around £50m. The Government has been forced to step in and make available grants of up to £5m. to overcome the immediate financial problems.

Consultants appointed by the Treasury with the agreement of the NFC and the Department of the Environment are examining the financial situation.

One possibility is a major reorganisation of the loss-making National Carriers small freight company. Carriers was responsible for some three-quarters of the £12.3m. NFC loss suffered in 1974.

Options likely to be considered range from the radical reduction of activities to a major investment programme to offer new and competitive services.

National Carriers is the former

Kodak undercuts Polaroid model

BY JAY PALMER

NEW YORK, April 20.

EASTMAN KODAK'S long-awaited new instant-print colour camera will retain in the U.S. at a list price well below that of Polaroid's closest competing model. The new camera, named the "EK 4", will sell at \$35.50 (about £29), was unveiled today by Mr. Walter Fallon, Kodak's president.

The company simultaneously announced two other, more expensive, instant cameras—the "EK 6" and "EK 8." These cameras, which will incorporate more sophisticated features, will sell at, respectively, \$39.58 and \$40.50.

Mr. Fallon said that both the EK 4 and the EK 6 will be launched in Canada on May 3 and in the United States on June 28. EK 8 will only be available in very limited quantities as from the end of the year, and none of the new cameras would be sold overseas "until sometime next year."

Kodak's move into the instant-print camera market in head-on competition with Polaroid, has been expected for some years. The launch today of Kodak's first new product since the pocket camera in 1972 follows ten years of research and ends Polaroid's effective 30-year monopoly.

Ever since Kodak hinted in its

Sharp interest rate increase forecast

BY ANTHONY HARRIS

THERE is a danger of a monetary explosion, or a sharp rise in interest rates later this year, because the Government is repeating the fiscal mistakes of the Heath administration in 1971-72, according to stockbrokers Greenwell.

The growth of the money supply after the Government deficit following the 1972 Budget proved excessive. Greenwell claims that other commentators have been misled because a large public sector deficit was accommodated without straining monetary policy last year; but this was in fact simply a result of the recession.

As the upswing develops, on the other hand, the demand for finance from industry will rise to meet stockbuilding and investment, while personal saving is likely to fall from its recent record levels as confidence returns.

The broking firm adds that the problem will be much more acute if industry in the money supply is not restored to an adequate cash flow, and is thus driven to greater borrowing. Underlining this implied warning against too rigid a use of price controls, the firm explains that without a cash flow recovery "it is almost impossible to finance an economic recovery without incurring an explosion in the money supply."

There is an acute danger of inflation, indeed much higher, than in 1974-75. Growth will accelerate, but after a lag, and only briefly. The balance of payments will deteriorate unnecessarily. There will be an outburst of financial speculation—probably in commodities. Unless the fiscal balance is corrected, these consequences could only be prevented by a very sharp rise in interest rates, which would choke off the economic recovery. It was precisely to avoid this setback, Greenwell points out, that the Heath administration permitted an explosive growth of the money supply after the Government deficit following the 1972 Budget proved excessive.

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THE LEX COLUMN

Ocean turning the corner

Ocean's forecast of broadly similar profits in 1976 masks a firm improvement in its underlying operations, just as the 1975 figures understate the extent of the problems faced last year. As forecast, profits are down from £29m. to £22.6m. —and they would have been nearly £5m. lower still but for a jump in profits on ship sales, a favourable (and non-recurring) accounting charge, and a fall in special pension costs. Allowing for these items, profits have turned out broadly in line with 1973's levels — which is still a good deal better than some of the competition has managed — while the forecast for 1976, when ship sales will be negligible, implies an underlying increase of roughly an eighth after adjusting for interest savings on the £23m. rights issue.

Index rose 5.8 to 414.8



The OCL associate already seems to be turning the corner. Its profits dropped by about two-fifths last year, but were better in the second half than the first, and the company has paid its first dividend. Elsewhere Ocean has little exposure to the problems of the tanker and bulk carrier markets, and the outlook for cargo liners—according to a current review of U.K. shipping by brokers Hoare Govett—is now attractive. For cargo liners, at least, 1976's downturn looks like nothing more sinister than the familiar cyclical story.

Ocean also has a strong balance sheet, with net cash of maybe £20m. and shareholders' funds roughly twice as large as the £91m. of shipbuilding loans. This stability gives it obvious attractions relative to other shipping majors, and although it has substantially outperformed the market over the past year it still yields over 7½ per cent. But a market capitalisation of £150m. at 1975 is already looking for a big upturn in 1977.

For the current year profit projections tend to focus on £19m. pre-tax: loss elimination in Zambia and a full 12-months of the rights cash take profits up to around £17m., while the group has made a steady enough start to 1976-77, animal feeds apart. So that sort of performance does not require much underlying growth. But then the present yield is 9.1 per cent. covered 1.8 times by earnings on average capital.

Meanwhile, the price of bread went up 1p this month, and the group has hopes for some further easing of margin pressures when the Price Code is revised in July. But redundancy payments will have to be made again this year, and the price of wheat is in a clear uptrend. Milling, groceries, pet foods and meat are all modestly ahead to date; and although margins in animal feeds remain weak volume has at least levelled out. As for the balance sheet, group debt is currently just over £40m. net, against tangible shareholders' funds roughly double this figure.

Some of the lists have been since the Budget Currensey rose 3p company make VAT reduction immediate. Of course, it is a demand, but per cent cut would normally have a swift impact. As clearly, head lower profits in 1976-77 — have pre-tax a year overall, against 1975. There are additions to a year. However, cash is current to judge by in the yield is covered 4.3

Spillers 1975-76 profits are £8.1m. higher at £15.47m. pre-tax including £1.1m. of losses in Zambia—and that is roughly in line with November's rights issue projections. Of the £7.1m. rise before interest, some £2m. is due to reduced losses in baking—bread was £7m. in the 1974-75 but actually

Toy takeover Dunbee-Comber-Marx yesterday provided the right sort of background—a profits rise of a quarter to £3.5m. pre-tax and a forecast dividend increase of over a half in 1976—for a major acquisition and its third rights issue in four years. The shares jumped 20p to 183p on the news.

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